

Daily Report

East Asia

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30 November 1994

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Japan

Okinawa Assembly Officially Protests U.S. Incidents

OW3011043094 Naha RYUKYU SHIMPO in Japanese 29 Nov 94 Morning Edition p 1

[FBIS Translated Text] The Okinawan Prefectural Assembly convened a special session on the afternoon of 28 November, and unanimously passed a "Resolution Protesting the U.S. Military Helicopter Crash Incident," a "Resolution Protesting Live-Fire Exercises by U.S. Military Helicopters in Violation of the Japan-U.S. Status of Forces Agreement [SOFA]," and four position papers on these two incidents addressed to the prime minister and concerned cabinet ministers.

A delegation composed of both ruling and opposition party assemblymen will visit Tokyo for three days from 30 November to demand that concerned ministries and agencies ensure that a thorough investigation is conducted into the causes of the accidents, appropriate measures are taken to prevent a recurrence of similar incidents, and SOFA is strictly observed.

The helicopter accident occurred on 16 November when a UH-1N helicopter from Futenma Air Station crashed while attempting to land on Camp Schwab. Five U.S. soldiers were killed or wounded.

The protest resolutions and the position papers state that a helicopter crashed on Kadena Air Base and an F-18 fighter crashed on Futenma Air Station last April, while a Harrier crashed off Aguni Island last August. "Although the national government and the U.S. military have made a commitment to prevent a recurrence of such incidents, the situation has not improved at all. This clearly indicates contempt for the Okinawan people, and is absolutely unacceptable." The documents ask for an investigation into the causes of the accidents, as well as demanding that helicopter exercises be suspended while the investigation is going on.

On the other hand, it was discovered that helicopters from the U.S. Marines' Futenma Air Station conducted live-fire exercises near Idezuna Island in Tonaki Village on Sunday, 13 November, in violation of SOFA.

The protest documents state: "SOFA stipulates that exercises are not to be held on that island on Sundays. This is an area where many fishermen work. Such an action disregarding the welfare of Okinawans is unacceptable." They also ask the government to "take specific action to ensure the U.S. military strictly observes SOFA."

Government Urged To Consult With People on USFJ

OW3011051794 Tokyo ASAHI SHIMBUN in Japanese 28 Nov 94 Morning Edition p 5

[Editorial: "Government Urged to Listen to Residents' Cry Regarding 'USFJ'"] [FBIS Translated Text] Of late, discrepancies between local autonomies and the Japanese Government have frequently been noted on issues involving U.S. Forces Japan [USFJ]. A recent accident during flight training and a plan to construct living quarters for U.S. military dependents are typical examples.

The government has a duty to defend the country. But training and facilities needed for national defense have a major impact on local autonomies' administrative matters and the livelihood of local residents. The government should pay more attention to the opinions of local residents before sitting at the negotiating table with the United States.

Last week, the major prefectures' Gubernatorial Liaison Council, which is composed of representatives from 14 prefectures where there are U.S. military bases, submitted an urgent request to the Ministry of Foreign Affairs [MOFA] and other ministries. Regarding an accident in which a U.S. military aircraft crashed into a mountain in Kochi Prefecture in Shikoku, the council demanded that the government look into and disclose the cause of the accident. The council also asked the ministries to come up with safety measures to prevent similar accidents from happening, and [to ask USFJ] to exercise self-control in flight training.

It was the first time the council—although no prefecture in Shikoku is a member of the council—has taken such an action since it was formed in 1962. We can say that the action speaks for local autonomies, which are uneasy about dangerous flight training. USFJ conducts this training without disclosing flight plans.

It is a serious issue to Kochi and Tokushima, which are located under flight routes. The governors of both prefectures have asked Prime Minister Tomiichi Murayama and senior MOFA officials to suspend low-level flight training. Tokushima Prefectural Assembly, in particular, submitted a written opinion to the government calling for an immediate suspension of low-level flight training. Referring to the need to revise the Status of Forces Agreement [SOFA], which is based on the Japan-U.S. Security Accord, the written opinion urges the government to tackle this issue as soon as possible.

According to SOFA, Japanese Aviation Law regulations on minimum safe flight altitudes are not applicable to U.S. military aircraft. Dietman Masaharu Gotoda, who is from Tokushima Prefecture, said: "It is about time to revise SOFA, not to mention suspending low-level flight training." Even residents of prefectures where there are no U.S. military bases are very concerned and feel uneasy about low-level flight training.

In addition to Shikoku, such places as Hokkaido, Tohoku, Kinki, and Sanin have filed complaints in the past several years about low-level flight training by U.S. military aircraft. Since they skim through valleys at very high speed, the noise and vibrations caused by the aircraft put people who live in areas directly below the

flight routes in fear and trembling. Some accidents, including damage to cattle and cut logging wires, have been reported.

Although most of these local municipalities have repeatedly called for a suspension of low-level flights, MOFA has been saying: "We will convey your request." MOFA's theory is that Japan cannot complain about USFJ training as long as the security treaty states that Japan has an obligation to provide the United States with military bases.

After the recent accident, however, MOFA reportedly started to discuss with the United States concrete measures to prevent similar accidents from happening. It seems that MOFA has finally realized the seriousness of the situation. We would like to follow carefully their negotiations.

The issue of building houses for U.S. military families at Ikego in Zushi City, Kanagawa Prefecture, where USFJ once had an ammunition dump, was solved in mid-November; the plan to build living quarters was proposed 12 years ago. It seems this issue served as impetus for the Japanese Government and municipalities to conduct an in-depth study into the best way of promoting defense policies.

The outcome of two votes by inhabitants and seven elections clearly showed that the majority of citizens supported the citizens' movement calling for withdrawal of the plan; the aim of the movement was to save precious trees. It is rare in the history of municipalities for a municipality to thoroughly confirm the will of residents to the extent that Zushi City did.

Since Zushi City accepted the construction plan on the condition of restoring part of the woodland, a city mayor, who made a campaign pledge to scrap the plan, resigned to assume responsibility. Meanwhile, the Defense Facilities Agency expressed its "appreciation" to the U.S. military for its acceptance of a plan designed to build high-rise living quarters. Compared to the suffering the local autonomy went through, this is a contrasting stance on the part of the central government.

The Cold War is over and the Japanese people are becoming increasingly skeptical about the current situation surrounding USFJ. The government should actively talk with the United States after having wide-ranging discussions with local autonomies. Otherwise, it is doubtful that the government will be able to get understanding and cooperation from local residents.

Editorial Views Japan-U.S. Perception Gap OW2911092994 Tokyo YOMIURI SHIMBUN in Japanese 24 Nov 94 Morning Edition p 3

[Editorial: "Let Us Narrow the Perception Gap Between Japan and the United States"]

[FBIS Translated Text] A joint opinion poll conducted by Japan and the United States has provided food for thought regarding Japan-U.S. relations in the 50 years following the end of World War II. Most of the Japanese and Americans who participated in the poll said they feel Japan-U.S. relations over the past 50 years have been largely positive and ties would grow stronger in the 21st century.

The views reflected in the poll seem to be a fair assessment since Japan and the United States have continued to deepen their mutually dependent relationship both during and after the Cold War.

Nonetheless, a close examination of the survey rareveals a significant perception gap between Japanese and Americans.

According to the poll, 85 percent of the Japanese surveyed had a favorable view of bilateral relations over the past five decades, while 55 percent of the American pollees felt the same way. In addition, 56 percent of the Japanese said their feelings toward the United States remained "unchanged" over the past 10 years. But 37 percent of the Americans said their views of Japan had become "less favorable," while fewer numbers said their feelings toward Japan remained "unchanged" or had become "more favorable."

On the economic front, 79 percent of the Japanese said bilateral trade ties were "positive," compared to 49 percent of the U.S. pollees. Regarding the security issue, 72 percent of the Japanese said both nations have positive relations, while 46 percent of the Americans concurred.

The lower figures for Americans may reflect a belief that Japan has gained more than the United States from the bilateral relationship in these fields over the past 50 years.

The same trend could be seen in other sections of the survey. For example, 37 percent of the Japanese considered the United States a "friend," while 52 percent of the Americans think of Japan as a "rival." Such a result probably indicates that the United States remains frustrated with the prolonged trade dispute between the two nations.

Conducted one year before the 50th anniversary of the end of the war, the poll serves as good guidepost as to what the future holds.

Asked about factors that could pose an obstacle to better ties, most Japanese noted "the Japanese Government and politicians are not explaining their policies clearly enough" and "the United States is forcing its foreign policies on Japan."

Meanwhile, most Americans noted "Japan is only interested in gaining economic profits" and "it is reluctant to contribute to the international community." Ranked

fourth in this category was "the Japanese Government and politicians are not explaining their policies clearly enough."

These are the problems that must be dealt with by both nations. Japan should learn to explain its views and behavior to other nations in clear, simple terms. Obviously, politicians should demonstrate leadership so that the nation may play a proper role in the global community.

Meanwhile, U.S. President Bill Clinton, who suffered a great setback in the last elections, must know better than to take a self-centered approach such as his "result-oriented" strategy. The U.S. Administration should be urged to pursue a more balanced foreign policy so that both nations can coexist and prosper together.

In addition, many Japanese and American pollees cited differences in languages and national character as elements detrimental to progress in bilateral relations.

Both Japan and the United States share democratic values and uphold free-market principles. However, there exist differences between the two in terms of social structure, culture, and national character. Japan and the United States can understand each other better only when they respect the essential differences between them.

Both nations have pledged to play a role in maintaining peace and prosperity as "partners" in the post-Cold War era. To achieve this on a global scale, they should strive to understand why they view bilateral relations differently and narrow the perception gap.

Firms To Join U.S. Multimedia Joint Venture OW3011084294 Tokyo KYODO in English 0811 GMT 30 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 30 KYODO— Mitsubishi Electric Corp., Oki Electric Industry Co. and Sanyo Electric Co. said Wednesday [30 November] they will invest in General Magic Inc., a U.S. multimedia joint venture set up to develop multimedia software.

Ten of the biggest names in the world's electronics and telecommunications industries are involved in general magic, including Sony Corp., Matsushita Electric Industrial Co., AT&T Corp., and Philips Electronics.

The participation of the three major Japanese electronics concerns looks certain to make General Magic's technologies, called Magic Cap and Telescript, multimedia standards.

Telescript is a programming language and software for communications. Magic Cap incorporates telescript as the basis of its flexible communications architecture, which is designed for both wire-based and wireless personal communications devices. Mitsubishi, Oki and Sanyo said they will be allowed to use General Magic's technologies in exchange for their capital participation and plan to develop portable communications tools using them.

U.S. Insurance Company Establishes Tokyo Office

OW2911001794 Tokyo KYODO in English 0100 GMT 28 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 28 KYODO— Liberty Mutual Insurance Co. has set up an office in Tokyo and is seeking to enter the Japanese insurance market, a representative of the U.S. health insurer said Monday [28 November].

The Boston-based group hopes to receive Finance Ministry approval by around April to June to operate in Japan, according to an official of the company's liaison office.

Liberty, the core of the Liberty Mutual Insurance Group holding company, which specializes in workers' accident compensation insurance, has not decided exactly what type of business it hopes to do in Japan, said the official, who asked not to be named.

He confirmed a report in the morning's NIHON KEIZAI SHIMBUN that the company is seeking to enter the Japanese market, but denied that it will necessarily focus on workers' compensation insurance in Japan.

"Including that, we are considering" what fields to enter, but the company has not completed a detailed business plan, the official said.

The move highlights growing competition within Japan's insurance industry, the newspaper said, noting the start of sales last month by U.S. and other nonlife companies of insurance for people absent from work for long periods and not covered by government health insurance.

The Liberty group, with assets of 20.5 billion dollars and premium income of 5.8 billion dollars last year, leads the U.S. industry in workers' compensation insurance with a roughly 10 percent share, the official said.

More Japanese Cars Made in U.S. Than Imported

OW2911051694 Tokyo KYODO in English 0350 GMT 29 Nov 94

[FBIS Transcribed Text] New York, Nov. 28 [date as received] KYODO—The number of Japanese vehicles produced in the United States topped 1.8 million in 1993, exceeding for the first time the amount of automobiles imported from Japan, an association of Japanese automakers said Monday [28 November].

Japanese makers exported 1.5 million automobiles to the U.S. last year, the Japan Automobile Manufacturers Association said. The association said its members have

made a combined investment of about 11 billion dollars (about 1.08 trillion yen) in the U.S. by establishing factories and related facilities, thereby creating more than 300,000 jobs. Automobile parts procurement in the U.S. by Japanese automakers in the year shot up to 15.5 billion dollars, some six times the 1986 figure of 2.5 billion dollars, it said. Japanese automakers had business deals with a total of 1,245 U.S. parts manufacturers in 1993, compared with 298 in 1986.

The association said it will shortly compile the findings in a report and submit it to the U.S. Congress as well as related government and private sectors as evidence that Japanese automakers are contributing to the U.S. economy.

Auto Exports to EU Drop Below Specified Quota

OW2911120594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Nov 94 Evening Edition p 1

[By Jun Kusaka]

[FBIS Translated Text] Brussels, 25 Nov-It is certain that the number of Japanese cars exported to the European Union (EU) during 1994 will be far less than Japan's supervisory quota [kanshiwaku] agreed on between Japan and the EU. This can be attributed to a drop in sales of Japanese cars in Europe in the wake of the deterioration of competitive power caused by the strong yen. Expansion in production of Japanese cars in the EU is another factor for sluggish auto exports to the EU. It seems that the total number of cars directly exported to the EU will drop below 900,000, which is 10 percent less than the supervisory quota. Because of this, the EU is assuming a stance of calling for a reduction of Japan's supervisory quota in and after 1995. Together with the issue of working out measures to deal with the EU, which will begin to expand early next year, it seems that the EU's stance of seeking the reduction will be a major problem at a Japan-EU auto conference, slated to be held in Brussels on 1 and 2 December.

The number of Japanese cars exported to the EU in 1994 as of the end of September is 567,500. This is 18.6 percent less than the number exported to the EU during the same period of the previous year. The auto export rate during October and November continued to be lower than the standard of the previous year. Toyota Motor Corporation and other auto companies are saying "we have no plan to boost our exports in December." It is certain that the rate of Japanese auto exports to the EU will drop below the supervisory quota by more than 10 percent throughout the year.

The EU auto market is making a smooth recovery. In the EU, auto sales during the January-October period increased by 4.7 percent over the previous year, and European carmakers are expanding their sales. However, Japanese cars are not selling well due to the strong yen. The value of the yen in terms of the German mark increased by about 30 percent in the past two years.

Moreover, the number of Japanese cars produced in Europe this year increased by 20 percent from the previous year, or a little less than 400,000. This increase is accelerating the drop in exports from Japan.

By setting a supervisory quota, Japan has been imposing since '986 de facto regulations on car exports to the EU. The quota for each year is determined by a meeting between the Ministry of International Trade and Industry and the European Committee.

LDP To Send Mission to Seoul Ahead of DPRK Trip

OW2911051494 Tokyo KYODO in English 0431 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—The Liberal Democratic Party (LDP) on Tuesday [29 November] approved the dispatch of two lawmakers to Seoul to explain to the South Korean Government a plan to send a joint ruling coalition delegation to North Korea, party officials said.

Leaving for the South Korean capital on Tuesday evening are Kosuke Hori, acting chairman of the LDP's Policy Affairs Research Council, and Nobuyuki Sekiyama, head of the Policy Board of the Social Democratic Party (SDP), the LDP's major partner in the ruling three-party coalition. The legislators are scheduled to meet South Korean Foreign Minister Han Sung-chu on Wednesday afternoon to seek Seoul's understanding for Tokyo's plans to resume normalization talks with Pyongyang. The three coalition partners—the LDP, SDP and New Party Sakigake—plan to send a joint delegation to the North shortly.

Koichi Kato, chairman of the LDP's Policy Affairs Research Council, told the executives meeting, "Normalizing relations between Japan and North Korea is a big problem that has remained throughout the postwar period, but in promoting normalization we have to take care not to harm ties with South Korea," according to the officials.

The pro-Western South and communist North Korea, which fought each other in the 1950-53 Korean War, are still technically at war. South Korea has asked the coalition to consult it before formally contacting Pyongyang. Kato said, however, "It is important for the government to make a start in reviving the negotiations."

The delegation to North Korea, to be joined by the two legislators going to Seoul, is aimed at exploring the possibility of resuming stalled talks with Pyongyang to establish diplomatic ties between Japan and North Korea. Government-level normalization talks collapsed in 1992.

South Korea's Multimedia Advance Threatens Firms

952A0049A Tokyo ZAIKAI TEMBO in Japanese 1 Sep 94 pp 190-193

[Article by Koichi Akao, journalist: "The Threat of the ROK 'Government-Private Sector Joint Strategy' for Outrunning Japan in the Multimedia Field"]

[FBIS Translated Text] The future of the intangible multimedia boom does not necessarily seem rosy because ROK manufacturers have already completely caught up and are going to pass Japanese manufacturers in the field of high technology that Japan has been proud of. The Japanese high-tech industry is being subjected to downward pressure from the United States and an upward thrust by the ROK. This paper reports on the industry's "critical situation" which is not yet known widely.

Seizing Japanese Market Through Large Offensives in the Semiconductor and Liquid Crystal Sectors

The "cormorant fishing economy"—this is a term used to allegorically express Japan-ROK relations in the high-tech industry in the 1980's. Cormorant fishing is a method used in the well-known ayu [sweetfish] fishing in the Nagara River, Gifu Prefecture. In this method, the fisherman attracts ayu by lighting a torch and then uses tamed cormorants to catching them. That is, Japan is a "cormorant fisherman" who gains and enjoys profits with almost no effort and the ROK is the "cormorant" that works as hard as it can to catch fish to help the fisherman earn money. This is what the term means. The term allegorically points to a structure in which the ROK imports parts from Japan, assembles them into products and processes products with cheap labor for their export to the United States.

However, now this pattern is about to crumble. The "cormorant" has begun to stand on its own, freeing itself from the strings held by the "cormorant fisherman." Expectations for multimedia are now whirling around in the high-tech industry. Japan is also seething with a multimedia boom. However, four or five years later, a situation may develop in which Japan suddenly finds that almost all major multimedia products are under the control of ROK manufacturers.

An "unusual change" first took place in the semiconductor sector.

The ROK began to exceed Japan in the share of the market for the DRAM [dynamic random-access memory] (on-demand read/write memory requiring memory-refreshing operation) called "the rice of industry." Samsung Electronics Co, the largest company in the ROK, sprang up as the top market-share holder in the world in the 4M [4 megabit] DRAM sector in 1992, according to a U.S. specialized research firm. Samsung Electronics has also arrayed its mass production system for the 16M DRAM, the next-generation semiconductor. In June 1993, it began operating the world's largest

production line that took pride in producing 3 million units monthly. In contrast, Japanese makers, including NEC and Fujitsu, have lines that can produce only 1 million units at most.

Many analysts predict that three companies—Samsung, Hyundai Electronics Industries and Goldstar Electron—will occupy 50 percent of the 16M DRAM market in 1994, outstripping Japanese makers that are also troubled by a strong yen. The 16M DRAM is a high-integration semiconductor memory used in graphics-handling high-efficiency personal computers and work stations. Greater mass production brings about greater advantages in price competition, and apprehension is growing among those concerned with semiconductors in Japan that "Japan-ROK relations in the 16M DRAM sector may be reversed completely."

Actually, since last fall, Japanese makers have successively been concluding agreements with ROK enterprises to have cooperative relations on the premise that they receive products from the latter. Group relations have been formed between Hitachi and Goldstar, and between Fujitsu and Hyundai Electronics Industries. NEC has reached a basic agreement with Samsung on joint development of the next-generation 256M DRAM. Samsung has concluded a tieup agreement with Toshiba on developing flash memory (a read-only memory which can be electrically erased in block and rewritten) and with Mitsubishi Electric and Oki Electric Industry on developing the high-speed new-type memory (the cache type). In other words, the conventional pattern—the ROK pursue Japan close at its heel—has crumbled, and the two countries have shifted into a complete cooperative system.

Of course, ROK enterprises established strategies specializing in semiconductor memories such as the DRAM which is said to occupy about 30 percent of the semiconductor market. The ROK is said to lag Japan by over three years in the fields of application-specific IC's (ASIC's) and microprocessors. Moreover, memories have the characteristic of being sensitive to price changes coming from supply-demand relations on the market. Nevertheless, we fear that the operating environment of Japanese electric machinery manufacturers that have thus far been bolstered by semiconductors will become increasingly distressing in the future when we take into consideration the view in Korea that "by earning profits through sales of cheap DRAM's to the United States, we will gradually bring up other fields as well" (a leading member of Samsung Electronics, Japan). The sparks of the "unusual change" are also leaping to the field of liquid crystals, particularly to the sector of the color liquid crystal display (LCD) of the thin film transistor (TFT) that is used in portable personal computers. The sector is expected to become a market involving 4 trillion yen annually by the year 2000. The LCD is the "star of hope" of the electric machinery industry. Even in Japan, such companies as Sharp Corporation and Casio Computer have just reached the mass production stage.

However, both Samsung and Goldstar are building LCD mass production plants, each capable of turning out 0.5 million to 1 million units annually with the aim of starting operation in the beginning of 1995. Samsung has already begun shipments scaled at about 1,000 units per month on the basis of mass production.

In the liquid crystal field, the ROK implements the so-called "leapfrog" method because the ROK right away wants to win a decisive victory through the use of TFT formula, which is regarded as the "lion" of the multimedia era, in spite of its almost total lack in the LCD mass production technology based on the STN (super twist nemetic) method, today's mainstream. Recently, there seem to be conspicuous "harassments" by Japanese enterprises that fear the outflow of their technology.

A source (an executive of a certain ROK producer) says: "We would like to have a fair competition, but Japanese enterprises hesitate to sell us the parts for LCD, thereby causing confusion to our mass production plan." There is also no Japanese maker that responds to the demand for a technical tieup. A leading member of a certain Japanese maker dares to make the following remark: "ROK makers are behaving as if primary school pupils who are abruptly attempting to enter college. Even if we have a tieup, we will only lose something and gain nothing."

To be sure, when LCD production is carried out under the TFT formula, we cannot avoid many faulty products, and a considerable technical accumulation is necessary for raising the "yield rate" and for stepping into a full-scale mass production. In this respect, ROK makers' liquid crystal strategies have weakness. Nevertheless, the possibility is high for ROK makers to succeed in their "leapfrogging" for the following three reasons.

The first is the adoption of a government-private sector joint development system. The ROK Government contributes a large amount of funds to developing mass production technology. Multimedia promotion is a national policy in a real sense. The second reason is that it is easy for ROK makers to procure funds from overseas markets. Because of the brand name it has as the largest financial tycoon in the ROK, Samsung is getting high ratings in the United States and is in a position to be able to induce low-interest funds from overseas. It also has many competent workers.

The third reason is the desire of U.S. computer makers and the U.S. Government. For example, the dumping tax has also been imposed on Korean makers with regard to semiconductors since 1993. However, the tax rate is held down at 0.74 percent, a far lower rate than on Japan. Behind such a measure seems to be the U.S. makers' desire to make Japan and the ROK compete each other and, as a result, procure cheaper semiconductors.

On ATV, Japanese Makers Are Treated as "Outsiders"

In addition, a U.S. tendency to tie up with ROK makers, skipping over Japan, is becoming conspicuous with regard to other major multimedia devices, too.

As is typically shown in the hi-vision case, Japan's electric machinery makers have self-confidence in their technological capability and, therefore, naturally have independent opinions of their own. This attitude makes the United States feel somewhat awkward in their presence. In the U.S. eyes, Japanese makers would seem to be an uncomfortable existence comparable to, say, one's husband's sister. In contrast, ROK makers would look like naive and innocent maidens. For U.S. computer makers, many of whom are "fabless companies" which have no manufacturing department and compete only by means of their ideas on technological development, the really grateful makers are those who are obedient to their intentions and supply products at low prices. Now that the ROK makers have acquired "fundamental physical stamina," it is only an inevitable consequence that the United States gives its heart to the ROK rather than Japan.

The development of the next-generation HDTV [High Definition Television] broadcasting standard (an advanced television standard, ATV) for use in the United States for example. Samsung has formed tieup relations with General Instrument (GI) of the United States. They have agreed to jointly develop and supply ATV-related devices which use the GI-developed formula. On the other hand, Goldstar made a 5-percent capital investment in a U.S. company, Zenith, in 1991. In a way, this measure saved Zenith from falling into the hand of a rivaling buyer. Following this step, Goldstar set up a research institute in Chicago. Sending about 20 research and development staff members into the institute, it has been developing ATV-related technology jointly with Zenith.

As to the U.S. ATV, a decision was made to develop the full digital formula in the beginning of 1993, thereby resulting in a complete exclusion of Japanese hi-vision which is entirelty on analogue formula. Moreover, four groups primarily made up of U.S. makers that had been proposing technological standardization formed a grand alliance, and it has been disclosed that those U.S. enterprises will be united as one body to develop standards. Among Japanese enterprises, there is none at all that is directly involved in the ATV development. However, Samsung and Goldstar of the ROK have solidly thrust themselves into the grand alliance, involving themselves in the ATV development in the capacity close to that of insiders.

Japanese electric machinery makers unanimously say that "for the moment, we will keep directing our efforts to hi-vision, but once the ATV formula is decided, we can readily adjust ourselves to it." To be sure, Japanese makers, too, show their involvement in their own way in the fringe area of ATV. However, from a long-term

perspective, it will be difficult for them to stem the flow of increasing ascendancy of the ROK makers that have been at the center of the ATV development.

The ROK has another advantage. The advantage is its plan to build up broadcasting via satellite (BS) through the "digital" formula. The formula is not an ATV formula corresponding to HDTV. It is the current (NTSC) broadcasting standard's digital transmission formula (NTSC Digital). The scenario of popularizing satellite broadcasting at a stroke through the use of the "digital" formula now forming the mainstream in the United States seems to targely reflect the U.S. intention.

In the ROK, a concrete plan to develop satellite broadcasting began to be formulated in 1989, and the plan was firmly decided in 1990. Its pet name is Mugunghwa [the rose of Sharon, the ROK's national flower] (Mugunghwa KOREASAT). The first satellite is to be launched in April 1995, and a supplementary satellite will be launched in November of the same year. They will be "complex broadcasting and communication satellites" loaded with three repeaters to be used for broadcasting which carries the same-range bands as those in Japanese broadcasting satellites. In addition, they are also loaded with 12 communication repeaters. At the outset, it was decided to adopt "analogue" transmission for the broadcasting purposes as used by Japan because one of the broadcasting purposes was to air the Korean language programs to Korean residents in foreign countries (particularly in Japan). However, the ROK made a big turnabout and decided to adopt the "digital" formula in June 1993. This is ascribed to pressures from electric machinery makers that wanted to open up a new demand through a tieup with the United States.

As to satellite multichannel digital broadcasting, the "DirectTV" financed by Hughes and other U.S. firms, just began the experimental broadcasting in the United States in May 1994, and the international standard formula is expected to be established firmly at the end of 1994. It seems unavoidable, therefore, that the launching and operating of the ROK's Mugunghwa satellite will delay about one year. Meanwhile, the "DirectTV" is planning to carry out its work in Japan as well. Even if this work in Japan succeeds, the work will not go beyond the "broadcasting via the communication satellite (CS TV)" program whose market is, after all, small. It differs greatly in scale from the ROK project which intends to promote a country's key broadcasting under the digital formula. Such being the case, in the field of digital television receivers as well, Japanese makers will naturally become unable to compete with ROK makers.

NII [National Information Infrastructure] Coming Out Second in CD-ROM as Well?

ROK makers' offensives are about to begin in the area of multimedia players which use the CD-ROM (compact disc-read only memory).

For example, we can cite the iteractive multiplayer "3DO REAL" which follows U.S. 3DO Co.'s specification. This product was also put on sale in Japan in March

1994. Because of its high price set at 54,800 yen and limitedness in the number of corresponding software, its actual sale stands at 150,000 units or so (as of the end of June), indicating a slightly difficult business start. And yet its sale in Japan is likely to face another additional brain-racking trouble. In March 1994, Samsung Electronics and Goldstar concluded license agreements with 3 DO Co on manufacturing apparatuses. Goldstar exhibited its products at a home electric appliances fair held in the United States in June and announced that it would put them on sale, beginning this fall. The company did not announce their prices, but a rumor is afloat that "they would be nearly half the prices of the Japanese products, caiculated in terms of dollars" (a person concerned with the game machine business).

A source says that "for the time being, sales will be centered on the ROK and the United States" (Nobuo Watanabe, director of the Gold Star Tokyo Research Institute). However, there is a good possibility of these products being treated as import items in discount houses and supermarkets in Japan. Actually, Goldstar is steadily making inroads into the Japanese market with TV sets and VTR's carrying its brand. Another source says that "Japanese consumers who attach importance to prices no longer feel reluctance in buying 'made in Korea' goods (Go Miura, director of Laox Co. Management Policy Department). On this score, "Gold Star" and "Samsung" brands may crowd the Japanese market.

As stated in the above, the ROK offensives in the multimedia field assume really horrendous proportions. It is likely to become reality that, with a leapfrog, a country that has thus far lagged behind jumps into the top rank at a breath. The danger of Japan getting a "retaliation" for its excessive attention only to the United States is highly probable.

However, the ROK, too, has a weak point. Its domestic market is so small that its high-tech industry depend excessively on export.

Yet in this respect as well, the ROK has begun taking countermeasures. It hammered out its version of the "Information Superhighway" plan in April 1994, following the United States and Japan. The version, called the "Superhighway Information and Communications Network Construction Plan," is designed to spread the use of an optical fiber network to all ordinary families by the year 2015. Its aim is to heighten the "domestic demands" for multimedia-related apparatuses and services by leaps and bounds through the construction of the "information superhighway." Its characteristic is found in the idea of combining private capital-operated CATV [cable TV] stations into the information highway. That is a difference from Japan which sets the NTT [Nippon Telegraph and Telephone Corp.], a communications business enterprise, as the nucleus of its plan.

As in Japan, the popularization of CATV has been delayed in the ROK, too. However, the country enacted the "Comprehensive Wire Broadcasting Law" in

December 1992 and began working actively for its promotion. It is said that a total of nearly 200 applications were poured in when the first licensing event took place in October 1993 over 50 districts. There are also 35 program suppliers that have just started business. It is clearly specified as a ROK policy that the Korea Communication (equivalent to the NTT) will cooperate in laying the optical fiber network and that the network will be evolved into the "superhighway information and communications network." This is why private capital (including that of Samsung and Goldstar) can become active in the CATV project. This shows a large difference from Japan in which the CATV's role in the nextgeneration communications network is unclear. Japan is feared to get behind the ROK in the area of the "communications infrastructure" as well such as CATV and the optical fiber network.

Before making merry about multimedia, one wonders that Japan should correct and rebuild its industrial policy and its information and communications policy firmly because a "cormorant fisherman" can never become a "cormorant"—he has to either keep being a "cormorant fisherman" or end up with changing or losing his job.

Further on Visit by Russian Deputy Prime Minister

Industry Aid Plan Worked Out

OW2911163094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Nov 94 Morning Edition p 3

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has worked out a 14-point "plan to support Russian trade and industry" aimed at pushing forward Russia's economic reform efforts. The pillar of the plan is the promotion of exports, the rehabilitation of former state-run firms and the nurturing of small businesses. The plan will be announced by MITI Minister Hashimoto during his talks with Russian First Deputy Prime Minister Soskovets scheduled for 28 November.

The export promotion program, designed to promote latent exporting industry and firms, includes the dispatch of experts with the Japan External Trade Organization (JETRO) taking the initiative. In addition, to helping increase export capability in the field of energy exports, which accounts for 48 percent of total exports, Japan's trade insurance will be applied to a plan for modernizing and improving production facilities or equipment.

As for the rehabilitation of former state-run companies, Japan will establish a system of giving business seminars in Japan to business executives. Moreover, to nurture small businesses, Japan will send about 20 business experts annually while accepting about 40 trainees from Russia.

Since First Deputy Prime Minister Soskovets, who is to arrive in Japan on 27 November, has experience in the iron manufacturing business, he is seen as a minister who attaches great importance to developing industry. He is in the number two position in the Russian Cabinet together with another first deputy prime minister, Chubays, who is said to be a macroeconomy-oriented politician and was promoted to his current position after the drop of the ruble in October. In this sense, MITI believes Russia's economic policies will be managed by the three leaders: Prime Minister Chernomydrin and First Deputy Prime Ministers Soskovets and Chubays.

More on 27 Nov Kono-Soskovets Meeting

OW2911112594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Nov 94 Morning Edition p 2

[FBIS Translated Text] At a 27 November meeting, Yohei Kono, deputy prime minister and foreign minister, and Oleg Soskovets, Russian first deputy prime minister, reconfirmed that Japan and Russia would expand bilateral relations in both the political and economic fields based on the Tokyo declaration, signed when Russian President Boris Yeltsin visited Japan in October 1993. Their meeting, however, clarified that prospects for progress in the northern territorial issue pending between the two countries are dim because of worsening bilateral relations. Although the Japanese Government prevented the "Tokyo declaration from becoming merely nominal" at the meeting, it failed to open the way for settling the territorial dispute and normalizing the overall relationship with Russia.

The Kono-Soskovets meeting follows talks between Kono and Russian Foreign Minister Andrey Kozyrev in New York in September, which had been the only political dialogue between the two countries since Tsutomu Hata, (then) deputy prime minister and foreign minister, visited Moscow in March. Plans to hold bilateral talks during the Group of Seven summit (Naples summit) in July and at an expanded meeting of foreign ministers of the Association of Southeast Asian Nations (ASEAN) were called off. As such, Japan and Russia have not had much politi al dialogue.

Behind this lies a situation in which both Japan and Russia continue to be in political confusion, and they have no political will to drastically improve bilateral ties. Also, Japanese companies have lost their interest in Russia because of the confusion in that country. Bilateral trade has shown no growth since 1991.

The Tokyo declaration and the economic declaration signed during Yeltsin's visit to Japan have provided the "foundation for determining the future course of Japanese-Russo relations," (according to a senior Foreign Ministry official). However, no improvements have been made in bilateral relations since the two countries signed the declarations.

The Foreign Ministry mapped out a plan that during Soskovets' visit to Tokyo, "the government will work to

for the expansion of political dialogue, although the private sector has lost interest in bilateral economic ties," (according to a senior Foreign Ministry official).

When Hiroshi Fukuda, deputy vice foreign minister, met with Kozyrev in Moscow in mid-November, the Russian foreign minister reportedly did not express the desire to visit Japan at an early date.

It seems the current political situation in Russia is not allowing Moscow to make a decision on the territorial issue, and this may be the reason Moscow has shown no enthusiasm about political dialogue with Japan.

On 27 November, Soskovets said: "We have placed high priority on relations with Japan." What he said may be true if he meant economic relations, but if he meant political ties, including the territorial issue, he was just being diplomatic.

Vice Minister Saito Appraises Visit

OW2911100894 Tokyo MAINICHI SHIMBUN in Japanese 29 Nov 94 Morning Edition p 3

[FBIS Translated Text] At a 28 November evening news conference, Administrative Vice Foreign Minister Kunihiko Saito appreciated the outcome of a series of meetings between Japanese leaders and Russian First Deputy Prime Minister Oleg Soskovets, saying that "some achievements could be realized, as Japan expected." Among the reasons he cited for this are: 1) Although there were some doubts about Russia's reform policy because antireform forces gained the upper hand in the Russian election after the Tokyo declaration was issued, Japan has succeeded to confirm the declaration; 2) Japan and Russia have agreed to start full-fledged talks on the issue of fishing in the waters near the northern islands; and 3) Japan can see Russia's desire to improve relations with Japan.

Regarding the significance of starting formal talks on the fishing issue, Saito said: "Although we hoped to settle the (pending) jurisdictional issue (concerning the waters) in advance, we now understand that there are limits to informal negotiations." He thus indicated that the issue would possibly be solved at formal negotiations.

Moreover, touching on the fact that agreements made during Soskovets' current visit have left the impression that economic cooperation [between Japan and Russia] has been promoted ahead of [progress in political dialogue], Saito said: "Even if both political and economic relations are not necessarily promoted at the same time, we can develop them gradually." However, he stressed: "We believe Russia has been clearly informed that unless a peace treaty is concluded, there are limits to the promotion of economic relations."

'Outline' of Joint Press Release

OW2911103094 Tokyo KYODO in English 0936 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—The following is the outline of a Japan-Russia joint press

release issued Tuesday [29 November] summarizing the contents of talks between Russian First Deputy Prime Minister Oleg Soskovets and Japanese Foreign Minister Yohei Kono.

—Foreign Minister Yohei Kono and First Deputy Prime Minister Oleg Soskovets confirmed a resolution by both governments to make efforts to expand bilateral relations in a balanced way for a true partnership.

For this purpose, the two expressed a resolution to abide by the Tokyo declaration and other agreements signed when President Boris Yeltsin visited Japan in October 1993.

- —They expressed a common understanding that the two countries must overcome the negative inheritance from the past given that next year marks the 50th anniversary of the end of World War II, and confirmed their intention to advance toward conclusion of a peace treaty.
- —The two expressed their intention to start negotiations in the near future by representatives of both countries on bilateral fishing cooperation.
- —They agreed that Japan and Russia will make efforts to expand bilateral trade and economic relations in balance with overall bilateral ties.
- —Japan will continue technical assistance to Russia to support establishing a market economy there.
- —Japan will cooperate with Russia on issues of Russian membership of international economic organizations Russia has not yet joined.
- —The two sides welcomed the establishment of a cabinet-level bilateral committee to solve problems of both countries in trade and economic fields.
- —They expressed hope for an early agreement on the redress of about 1.1 billion dollars in trade credits claimed by Japanese private exporters to Russia, and welcomed an agreement on the deferment of the Russian debts.
- —They considered whether Russia can use part of Japan's 500 million dollar humanitarian aid for nonhumanitarian purposes.
- —They welcomed an agreement to resume negotiations to make Japan's 700 million dollar aid for increasing Russian oil production carry trade insurance.
- —They confirmed President Boris Yeltsin's invitation to Prime Minister Tomiichi Murayama to make an official visit to Russia, and Murayama's invitation to Prime Minister Viktor Chernomyrdin to make an official visit to Japan.

Soskovets Optimistic on Air Routes

OW3011104994 Tokyo KYODO in English 0929 GMT 30 Nov 94

[FBIS Transcribed Text] Osaka, Nov. 30 KYODO— Russian First Deputy Prime Minister Oleg Soskovets on

Wednesday [30 November] expressed enthusiasm for direct air routes between Kansai International Airport near Osaka and Russia, Japanese officials said.

Soskovets said, "I've heard of plans to start nonstop flights from Kansai International Airport to Moscow next year and later to St. Petersburg. Flights will also be necessary to parts of the far eastern region such as Vladivostok."

He made the remark in talks with business executives in Osaka and vicinity. Among them was Tetsuro Kawakami, president of the Kansai Economic Federation.

The Russian official, currently on a five-day visit to Japan beginning Sunday, also noted the level of economic exchange between Japan and Russia is still low.

He also expressed hope for exchange between Russia's far eastern region and Japan's coastal areas along the Sea of Japan, noting that with "the technology of Russia's military and Japan's private sector," the two countries will be able to make superior products.

Asked by Kawakami to encourage Japanese investment by making changes in Russian tax laws, Soskovets replied that he hopes to abolish the tax on exports by next year. He also noted that the laws on foreign investment in Russia are being prepared.

Editorial Sees Moscow Ties Improving

OW3011101394 Tokyo ASAHI SHIMBUN in Japanese 29 Nov 94 Morning Edition p 5

[Editorial: "Expansion of Japan-Russia Relations With Soft Concepts"]

[FBIS Translated Text] Soon, three years will have passed since the Soviet Union disappeared from the earth. Drastic changes have taken place in the international community, and a variety of changes have occurred in relations between nations in the intervening years. Nevertheless, no change has occurred only in Japan-Russia relations.

Russia, which has been struggling to move toward democracy and a free economy, is Japan's close neighbor. It can be said that, given the weight both Japan and Russia hold in resolving political, security, and economic issues in the international arena, the present state of Japan-Russia relations is extremely unnatural.

Russian First Deputy Premier Soskovets, who has shored up President Yeltsin's economic reforms as an influential Russian bureaucrat, is now visiting Japan. Full-fledged talks between Japanese and Russian leaders will be held for the first time since such talks were held when President Yeltsin visited Japan last fall.

No headway was made at the talks between Prime Minister Murayama and the Russian first deputy premier in resolving the Northern Territories issue, which has been the primary cause of the stalemate in Japan-Russia relations. Though an agreement was reached at the talks on starting full negotiations on safe fishing operations for Japanese fishing boats in the northern waters, the negotiations have a long way to go because the safe fishing operations for Japanese fishing boats in the waters are an issue directly related to the exercise of sovereignty.

Nonetheless, the significance of Mr. Soskovets' visit to Japan should not be underestimated, because Japan is able to find some change in Russia's stance toward Japan in his remarks and behavior.

Russia's eagerness to break the stalemate in Japan-Russia relations has dampened since nationalist forces won many seats in the December 1993 general elections. Russia recently began to turn its attention to expanding Japan-Russia economic relations and attracting investments from Japan after going through stagnation in its economic reforms and a crash of the ruble.

A large number of Russian entrepreneurs are accompanying Mr. Soskovets on his visit to Japan, and their itinerary includes touring the one-village and one-good campaign in Oita Prefecture. These facts are taken as an expression of their eagerness to learn from Japan and build a close relationship with Japanese industry.

At talks with the Russian first deputy premier, Foreign Minister Kono decided to go along with Russian requests to set up a ministerial committee to discuss trade and economic issues between the two countries and for the flexible use of loans extended by the Export and Import Bank of Japan. The foreign minister made the proper decision, taking into account changes taking place in Japan-Russia relations.

Attention will be paid for the time being to whether or not vice ministerial talks on the issue of concluding a peace treaty, scheduled to be held next week, hold full-fledged political discussions and lay the groundwork for a visit to Japan by Russian Foreign Minister Kozyrev.

Russia is not an attractive business partner for Japanese enterprises. Many years and an accumulation of assistance are needed to create conditions to make Russia an attractive business partner for Japanese enterprises. The Japanese Government should show a posture of vigorous cooperation with Russia in creating those conditions. In the long run, Japan's wasteful investment in Russia will do nothing to pave the way to resolve the political issues pending between the two countries.

The recent political turmoil in Japan has influenced the stalemate in Japan-Russia relations. The Japanese Foreign Ministry has been preoccupied with handling such incidents as Russia's shooting at Japanese fishing boats in the northern waters and Russia's dumping of nuclear waste into the Sea of Japan.

Japan and Russia both view things differently.

Russia has proposed resolving the issue of ensuring safe fishing operations for Japanese fishing boats on condition that Japan shoulder the cost, and informal negotiations have been held between the two countries after Japan accepted the Russian proposal. Japan provided relief supplies to the Northern Territories after an earthquake occurred off the coast of eastern Hokkaido. Neither of these would have been thinkable in the era when any concession from either Japan or Russia was viewed as an "entrance" to resolving the territorial issue.

How the issue of ensuring safe fishing for Japanese fishing boats in the northern waters is resolved is important in forecasting the future of Japan-Russia relations. If what Russia asks for coincides with the "practical interests" of the two countries aside from the principle of Japan's assertions, Japan should promote negotiations with Russia on the basis of soft concepts.

It will undoubtedly take a long time to resolve the territorial issue. Among other things, Japan should create a good climate in relations with Russia by continually providing concrete assistance to and cooperating with that country.

Government To Invite Kozyrev To Visit in Jan

OW2911143494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Nov 94 Morning Edition p 2

[FBIS Translated Text] Prime Minister Tomiichi Murayama and Yohei Kono, deputy prime minister and foreign minister, recently met Oleg Soskovets, Russian first deputy prime minister. Soskovets is currently visiting Japan. Based on the results of these meetings, the government will make a schedule for diplomacy toward Russia for 1995.

The schedule will include plans to invite Russian Foreign Minister Andrey Kozyrev to visit Japan in January and to start official negotiations at an early date on the safety of Japanese fishing boats operating in waters off the Northern Territories.

The government will arrange details of these plans this week through diplomatic channels. The aim of the plans is to achieve "results" during the visit by Soskovets—who is the first top-ranking Russian official to visit Tokyo in 12 months—which in turn will lead to the start of political talks, such as those on the northern territorial issue. However, because the political situation in Russia continues to be volatile and Russia has maintained its stand that strengthening economic cooperation should be a condition of promoting political dialogue, it remains to be seen whether or not these plans will actually be carried out.

A major objective of Soskovets' visit to Tokyo was to seek further economic cooperation from the Japanese private sector. He has refrained from going beyond Russia's conventional stand in his remarks on territorial and political issues. Analyzing Soskovets' meetings with Japanese officials, a top Foreign Ministry official said:

"He takes a cautious approach toward bilateral political issues, and in some areas he was on his guard against Japan."

At a meeting between Kono and Soskovets on 27 November, Japan and Russia agreed to begin official negotiations on the safety of Japanese fishing boats operating in waters off the disputed northern islands. Also, in talks between Murayama and Soskovets on 28 November, the two nations agreed to hold a meeting of foreign ministers in Japan at an early date. The meeting was proposed by Russian President Boris Yeltsin in his letter to Murayama.

These agreements are excellent "results" in the political arena.

At a news conference on the evening of 28 November, Vice Foreign Minister Kunihiko Saito stressed the importance of official negotiations with Russia.

He said: "It is not necessarily impossible to reach accord in official negotiations, although we failed to do so in preliminary negotiations."

Also, at a meeting of the House of Representatives' Committee on Foreign Affairs on 28 November, Foreign Minister Kono said emphatically: "I hope official negotiations will start at the earliest possible date."

Following reconfirmation by Soskovets of Japan's longcherished desire for Russian Foreign Minister Kozyrev to visit Tokyo, some government offices have begun preparations for official negotiations with Russia, thinking they might start in January, [when Kozyrev visits Japan].

Russian Official Happy With Stance on Islands OW3011112994 Tokyo KYODO in English 1115 GMT 30 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 30 KYODO—A Russian parliamentary official visiting Japan said Wednesday [30 November] he is satisfied with Tokyo's apparent change in responding to a bilateral territorial dispute.

Vladimir Petrovich Lukin, chairman of the Foreign Affairs Committee of the Russian State Duma, made the comment in an interview with KYODO News Service, saying Japan has come to consider political and economic issues separately.

"It is desirable Japan has come to understand that it is impossible to resolve the territorial issue at an early stage and that it must have patience," he said.

Lukin was referring to recent developments in the field of bilateral economic cooperation, including an agreement to set up a Japanese-Russian trade and economic committee reached with visiting Russian First Deputy Prime Minister Oleg Soskovets. Japan had previously linked economic cooperation and assistance to Russia with progress in territorial negotiations.

Japan has for decades been demanding the return of four islands—Etorofu, Kunashiri, Shikotan and the Habomai islets—off Japan's northernmost main island of Hokkaido that were seized by the former Soviet Union at the end of World War II.

Lukin also said Soskovets' visit, from Sunday to Thursday, has been a good preparation for the anticipated visit by Russian Foreign Minister Andrey V. Kozyrev to Japan, possibly in January.

When Kozyrev visits Japan, a number of matters including the territorial row and the North Korean nuclear issue will be discussed, he said.

Russian Far East Governor Calls For Investment

OW2911042494 Tokyo KYODO in English 0338 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—Russia might grant Japanese business executives visa-free visits to Vladivostok and other areas in the Russian Far East to promote investment in the region, the governor of Russia's Pacific coastal region said Tuesday [29 November].

In an interview with KYODO News Service, Yevgeniy Nazdratenko, now in Japan as a member of the Russian Government delegation headed by First Deputy Prime Minister Oleg Soskovets, expressed dissatisfaction with Japan's restraint in bilateral economic cooperation. Japan has made the resolution of a longstanding territorial dispute over four Russian-held islands north of Hokkaido a prerequisite for full-fledged economic cooperation with Russia, preventing both sides from signing a peace treaty.

"Why does the Japanese Government again come up with this (territorial) problem at such an opportunity, seeing that Soskovets is a talented industrialist with an ability to solve the host of (bilateral economic) issues," Nazdratenko asked. He said the dispute over the southern Kurils, known in Japan as Northern Territories, can only be solved between President Boris Yeltsin and Prime Minister Tomiichi Murayama.

Murayama and Soskovets agreed in talks Monday that Japan and Russia should strive to deepen bilateral ties based on the Tokyo Declaration, which was issued in October 1993, when Yeltsin visited Japan. In the declaration, Japan and Russia agreed to seek a solution to the territorial row on the basis of principles of "law and justice," while confirming that all pacts and international accords concluded between Japan and the former Soviet Union will continue to apply between them. Murayama also accepted an invitation from Yeltsin to visit Russia to try to solve the row.

While expressing strong hopes for more Russo-Japanese joint ventures, Nazdratenko pledged to protect foreign investment. "We will certainly not do anything to harm Japanese enterprises such as freezing foreign currency," he said in alluding to a freeze imposed in 1991 under austerity measures designed by then First Deputy Prime Minister Yegor Gaydar. "If the Japanese side trusts me and joins in my joint venture plan, I am ready to accept visa-free visits for Japanese businessmen to Vladivostok and other coastal regions," the governor said.

Asked about the Russian Pacific Fleet's dumping of nuclear waste into the Sea of Japan, Nazdratenko said he has been opposing the nuclear dumping "all the way with a view to friendship with neighboring Japan and South Korea." Tokyo "has endorsed my strategy that Japan help build a waste disposal plant to solve the problem," he said. "But the (Russian) central government has intervened with the matter undermining the agreement."

The governor also defended Russian border guards who have been shooting at Japanese boats fishing off the disputed islands, seized at the end of World War II by the then Soviet Union. "Japan might have its stance, but if the boats don't withdraw after a warning, is there any other way to make them withdraw?" Nazdratenko said.

A number of Japanese fishermen have been wounded in shooting incidents and some have been detained for alleged poaching in what Russia considers its territorial waters. The two countries have agreed to negotiate a bilateral fishing agreement aimed at securing the safety of fishermen.

Fishermen Captured Off Disputed Isles Released OW3011094794 Tokyo KYODO in English 0859 GMT 30 Nov 94

[FBIS Transcribed Excerpt] Nemuro, Japan, Nov. 30 KYODO—Russia on Wednesday [30 November] freed five Japanese fishermen on two boats which were shot at and captured by Russian security forces off the disputed islands north of Japan, Japanese officials said.

Norikazu Nagoshi, 25, and two others aboard a 4.9-ton crab catching vessel, and Yoshikazu Arazeki, 39, and another fisherman aboard a 4.9-ton fishing boat were picked up at the Russian-occupied Shikotan Island by a Japanese Maritime Safety Agency patrol ship from Nemuro, Hokkaido, Japan's northernmost main island.

The fishermen are scheduled to arrive at the port of Nemuro Wednesday evening, the officials said.

Nagoshi suffered back injuries when his boat was attacked by Russian forces on Aug. 15 while fishing in the waters off the isles of Habomai.

Arazeki's boat sank in the ocean after it was also shot at by Russian forces on Oct. 4. [passage omitted]

Tokyo To Loan Kyrgyzstan 3.12 Billion Yen

OW2911084494 Tokyo KYODO in English 0818 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Japan will loan Kyrgyzstan up to 3.12 billion yen to help the country stabilize its economy and improve its development efforts, the Foreign Ministry said Tuesday [29 November].

Parliamentary Vice Foreign Minister Hakuo Yanagisawa and Kyrgyzstan Prime Minister Abbas Dzhumagulov exchanged documents on the Japanese loan at the Foreign Ministry in Tolyo, the ministry said.

The 30-year loan with a grace period of 10 years carries an annual interest rate of 3 percent.

Tokyo To Loan Indonesia 158 Billion Yen

OW2911043994 Tokyo KYODO in English 0345 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Japan will loan Indonesia 157.96 billion yen for economic and social welfare improvements, the Foreign Ministry announced Tuesday [29 November]. Indonesian Foreign Minister Ali Alatas and Japanese Ambassador to Indonesia Taizo Watanabe exchanged documents on the Japanese loan package in Jakarta earlier in the day, the ministry said.

Indonesia is the largest recipient of Japanese yen loans. Japan has extended loans totaling 2.63 trillion yen since 1966. The latest aid includes 137.12 billion yen for Indonesia's 20 projects to beef up economic infrastructure and to improve environmental, educational, health and medical sectors, the ministry said. It also includes 20.84 billion yen to improve Indonesians' living conditions, transportation, water resources and irrigation, it said. The 30-year loan with a 10-year grace period carries an annual interest rate of 2.6 percent.

Foreign Ministry: Peru's Debts To Be Rescheduled

OW2911032094 Tokyo KYODO in English 0303 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Japan has agreed to reschedule Peru's debts payments totaling 21.4 billion yen, the Foreign Ministry said Tuesday [29 November].

Japanese Ambassador to Peru Nobuo Nishizaki and Jorge Camet Dickman, Peru's economic and finance minister, exchanged documents on the agreement in the Peruvian capital of Lima earlier in the day, the ministry said.

It is the fourth time Japan has taken debt relief measures for Peru.

The measure covers Peru's debts to the Overseas Economic Cooperation Fund, Export-Import Bank of Japan and Japan National Oil Corp., it said.

The repayment will begin from February 2003, it said.

Paraguay President Supports Tokyo's UNSC Bid OW3011084394 Tokyo KYODO in English 0803 GMT 30 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 30 KYODO— Paraguay President Juan Carlos Wasmosy voiced support Wednesday [30 November] for Japan's bid to become a permanent member of the United Nations Security Council [UNSC].

"It is appropriate for Japan to win the status of the permanent membership on the Security Council," Wasmosy told a press conference through an interpreter.

Wasmosy, who is on a five-day visit to Japan since Saturday, also called on Japanese companies to invest in the Latin American country in such areas as textiles and the privatization of the railroad industry.

He also called for Japanese economic assistance in beefing up the smaller cities, repairing roads and in technical centers.

Turning to his neighboring country, Uruguay, Wasmosy said the election of Julio Sanguinetti as the next president would have no influence on the planned launching of the four-nation South American common market called Mercosur despite his election campaigns advocating higher protectionism.

Wasmosy said he believes Sanguinetti has the same intention as his predecessor, Luis Lacalle, to join the Mercosur.

Sanguinetti, who served as Uruguay's president between 1985 and 1990, has often advocated higher protectionism for Uruguayan businesses to avoid a flood of imported goods. He won a narrow victory in Sunday's presidential elections and will take office in March.

Paraguay, Uruguay, Brazil and Argentina will launch the Mercosur in January to eliminate internal tariffs and set a common tariff for external imports.

Fujitsu Sells Supercomputer to French Oil Institute

OW2911031494 Tokyo KYODO in English 0238 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Fujitsu Ltd. has received an order for a supercomputer from a French Government oil research institute, its first to be sold under its own name in Europe, a company official said Tuesday [29 November].

The Institute Français du Petrole is expected to receive the VPP [vector parallel processing] 500 Model 4

machine by February, the official said. It will be the 40th Fujitsu-made supercomputer sold in Europe but the first sold through Fujitsu Systems Europe Ltd., she said.

The other computers were sold through Siemens Nixdorf Informations Systeme AG under the Siemens name, she said, confirming a report in the morning's NIHON KOGYO SHIMBUN newspaper. She declined to comment on the sales price of the computer, which the industrial newspaper estimated at less than 600 million yen.

The petroleum institute will use the Fujitsu vector parallel processing computer for analyzing oil strata and running air pollution simulations, she said.

SDPJ, LDP Members View Moves of Separatist Group

OW2911021994

[FBIS Editorial Report] Tokyo SANKEI SHIMBUN in Japanese on page 2 of its 27 November morning edition carries three articles on reactions within political circles to the 26 November symposium of the New Democratic League (Shinminren), a separatist group within the Social Democratic Party of Japan [SDPJ].

The Shinminren symposium, which was attended by 700 people, including 47 dietmen, failed to agree on a definite timetable for establishing their "new party for democrats and liberals."

Pro-Murayama SDPJ members were relieved about Shinminren's failure to hammer out a definite plan to disband the SDPJ. Chief Cabinet Secretary Kozo Igarashi said the Shinminren symposium "did not bring about the worst results." Yet, Prime Minister Tomiichi Murayama's close associates are still cautious about decisive moves by SDPJ separatists. On 26 November, Igarashi criticized Shinminren and called for Shinminren's cooperation in party reform as SDPJ members. He stated: "Nobody wants a small new party. It is, however, a good idea to change the entire SDPJ into a new party. This issue would be fully discussed within formal party mechanisms." A high-ranking SDPJ official said the number of participants at the Shinminren symposium was "not more than expected." A cabinet member close to Murayama also stressed: "Shinminren is unlikely to threaten the foundation of the Murayama administration. Our determination to renovate the SDPJ under the prime minister's leadership has not changed."

Members of the Liberal Democratic Party (LDP) are also optimistic about the direction of Shinminren. One of the party's deputy secretaries-general said: "Even if some radical members split from the SDPJ, that would be a very small number and would not affect the Murayama administration." The LDP leadership is carefully watching Shinminren's course of action, however, because "the group can cause serious problems if over 20 members split from the SDPJ" (as noted by LDP Secretary General Yoshiro Mori). LDP Vice President Keizo

Obuchi met Murayama on the afternoon of 26 November to discuss Shinminren's moves that day.

Meanwhile, the opposition groups gathering under the New Frontier Party (Shinshinto) hold the view that "we may join hands with Shinminren if they leave the SDPJ" (as noted by Takashi Yonezawa, Democratic Socialist Party chairman). But they currently have no plan to approach Shinminren as its course of action is still uncertain. A Shinseito (Japan Renewal Party) source said: "We cannot imagine how many Shinminren members would split from the SDPJ."

Michio Watanabe, former deputy prime minister and foreign minister and member of the LDP, said the Shinminren's success depends on whether or not it can establish a new party before the end of January 1995. In a 26 November press conference in Utsunomiya, Ibaraki Prefecture, Watanabe said: "The move [to form a new party] is genuine if the labor unions back them. Since nationwide local elections are close at hand, they have to establish their 'new party' before the end of January. If not, their attempt will result in failure, and, in that case, all they could do would be to change the name [of the SDPJ]."

Sources Say SDPJ Plans Changes To Avoid Split OW2911071894 Tokyo KYODO in English 0702 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—The Social Democratic Party [of Japan] (SDP) [SDPJ] led by Prime Minister Tomiichi Murayama decided Tuesday [29 November] on a plan to avoid a split in the party and change itself to a new "democratic and liberal" party, SDPJ sources said.

An informal meeting of the SDPJ central executive committee discussed an SDPJ drive to gather Japan's "democratic and liberal" forces and form a new party.

Committee members urged the SDPJ to speedily make preparations for the planned new party although they failed to point to a specific time, they said.

The Democratic League, an SDPJ intraparty group of right-wing members led by former SDPJ Chairman Sadao Yamahana, has said the SDPJ should disband and form a new party before an ordinary Diet session is convened in January.

Another internal SDPJ group of left-wing members supporting Murayama is less eager to promote the idea.

SDPJ's local representatives will hold a meeting in mid-December—probably on Dec. 15--to exchange opinions on the planned new party, the sources said.

On Monday, Murayama and SDPJ Secretary General Wataru Kubo agreed to seek to integrate all SDPJ legislators into a new party to replace the SDPJ without triggering a schism. Kubo is also among the most eager advocates of the establishment of a new party.

LDP 'Will Not Bend' to Opposition Demand

OW2911051894 Tokyo KYODO in English 0437 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—Senior officials of the ruling Liberal Democratic Party (LDP) affirmed Tuesday [29 November] that it will not bend to the opposition's demand for an extension of the current Diet session which ends on Saturday. LDP Secretary General Yishiro Mori confirmed the party's position in a meeting with the party's Diet Affairs Committee Chairman Yoshinobu Shimamura and other senior members at a Tokyo hotel, party sources said.

They also agreed to attempt to enact a bill by Saturday concerning the establishment of the World Trade Organization (WTO) to replace the Geneva-based General Agreement on Tariffs and Trade (GATT). However, some members of the ruling coalition, which comprises the LDP, the Social Democratic Party (SDP) of Prime Minister Tomiichi Murayama and New Party Sakigage, have shown flexibility toward a five-day extension of the Diet session, the sources said.

The LDP stiffened its stance after the major opposition force, "Kaikaku" ignored an earlier accord with the ruling parties to vote on the WTO bill in the House of Representatives plenary session on Friday after passing it at a committee. Kaikaku, meanwhile, agreed at a meeting to demand the ruling parties extend the current Diet session for two weeks.

The noncommunist opposition forces, which plan to evolve into a new large party Dec. 10, are ready to discuss the extension if there is a proposal from the ruling side, its members said.

New-New Party Moves Ahead With Planning Elections

OW2911085094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Nov 94 Morning Edition p 2

[FBIS Translated Text] The preparatory council for the new party of Shinshinto [New Frontier Party] held a meeting of the Executive Committee on 25 November to discuss ways of choosing the party chairman, vice chairmen, and secretary general. A decision was reached at the meeting that party members will openly elect them from among candidates, and each candidate must be recommended by at lease 20 party members. As for the number of vice chairmen, the Executive Committee will soon decide that. The Planning Committee will work out a rough draft of provisional rules for the election and a plan to set up an election management committee, and a final decision will be made at a top-level meeting of party leaders scheduled for 29 November. Shinshinto has decided to have them elected by party members in response to a demand by junior party members that the chairman, vice chairmen, and secretary general be openly elected by party members. However, a feeling still persists within the Executive Committee that "party leaders should choose the chairman, vice chairmen, and secretary general through dialogue." There is still a possibility that if candidates for the key party posts are chosen beforehand, after behind-the-scenes maneuvering, this would virtually assure them votes of confidence.

Commenting on the choices for party executives, including the chairman, a senior member of Koshikai said: "If they are not chosen through dialogue, it will be impossible to form a new party." In this way, many are worried about possible bitter feelings following the inauguration of Shinshinto as a new party. The Executive Committee has held a series of meetings to discuss ways to "choose candidates for the chairman, vice chairmen, and secretary general beforehand through dialogue." Reacting strongly against these moves, junior members of Shinshinto have demanded that a "framework be created wherein they are elected in a way that is open to the people." The Executive Committee is now in a situation where it has no choice but to look for a way to compromise with them.

At the 25 November meeting of the Executive Committee, Komeito Secretary General Yuichi Ichikawa said, "The chairman, vice chairmen, and secretary general should be elected openly by party members, as the junior members have asserted." In response, Shinshinto has decided to create the climate for electing them openly by working out provisional election rules. The Executive Committee, which has continued to hold discussions on how to set a total number of officials at the party headquarters, has drawn up a tentative plan to set "the total number at 70 aside from the fixed number of officials working for a party organ."

Ichikawa on New-New Party, Selection of Leader OW2911080894

[FBIS Editorial Report] Tokyo FNN Television Network in Japanese at 2310 GMT on 26 November, in its regular Sunday "News 2001" program, carries a 36-minute live interview with Komeito Secretary General Yuichi Ichikawa. Newscaster Yuji Kuroiwa acts as moderator, while political columnist Kenichi Takemura and writer Yoshimi Ishikawa join him in asking questions.

Kuroiwa begins by asking why the opposition's proposed new-new party is failing to gather much momentum. According to Ichikawa, it is because the public has lost interest in politics since the start of the new Liberal Democratic Party (LDP) and the Social Democratic Party of Japan (SDPJ) coalition administration; because the opposition parties have been slow in discussing the formation of the new-new party; and because there has been no progress in deciding a party leader.

He says: "Once the new-new party is inaugurated, it will be a party that will meet public expectations."

Kuroiwa says: "The new-new party has no face, as you mentioned, you people are having difficulties in selecting a party head."

Ichikawa says that considering the current political situation, it is appropriate to take time to solidify the basis of the new-new party.

He is then asked how the party leader will be selected.

Ichikawa says: "If we select the new leader by negotiation, anyone chosen in such a way may not be able to exert leadership. It is important to hold an election under appropriate rules to choose a party head and secretary general."

Kuroiwa asks Ichikawa who he thinks is the right candidate to lead the new-new party.

Ichikawa says the new leader must have passion as well as leadership to promote reform.

Kuroiwa says that some people in the opposition parties do not like the idea of selecting both a party leader and secretary general from among only former LDP members.

Ichikawa says: "Dividing our associates into former LDP and non-LDP members runs counter to the concept of the new-new party."

He adds: "What is important is that someone is selected whom we can identify with."

On the subject of the new-new party's policies, Ichikawa says reform will be the goal. Takemura says such a goal is too ambiguous.

Ichikawa agrees the new-new party still has no clear picture of its reform plan.

He says: "We must soon formulate our vision and framework for reform. I think our vision will eventually lead us in a different direction to the Murayama administration."

Kuroiwa cites the concern of some people that the new-new party may be influenced through behindthe-scenes manipulations by Soka Gakkai, the Buddhist lay organization which has traditionally supported Komeito.

Ichikawa says it is wrong to make such charges as if there were corrupt ties between the new-new party and Soka Gakkai.

Kuroiwa then asks Ichikawa for his opinion of the political realignment being made by the New Democratic League (NDL), an SDPJ policy group led by Sadao Yamahana.

Ichikawa says: "What troubles me is that they keep talking about the conservative, two-party system, saying it is not enough for Japanese politics and that is why we need to have a third political axis which will be created by the formation of a new democratic liberal party. I do not quite understand what they mean by a democratic liberal party."

But he adds: "The NDL is negative about the LDP-SDPJ alliance. On this point we share the same view, so I hope we can get along—though I do not know what kind of relationship we will have."

Kuroiwa asks Ichikawa for his response to the rumor that the LDP plans to dissolve the House of Representatives and hold a general election early next year because it would be too soon for the new-new party to field candidates.

Ichikawa says that dissolution that soon would be impossible, but he admits that the current political situation inclines him to the opinion that dissolution may take place sooner than he had originally thought.

"Therefore, I think the new-new party must speed up the process of intraparty coordination."

The interview ends at 2346 GMT.

* New-New Party Concept Discussed

952B0028A Tokyo USHIO in Japanese Nov 94 pp 84-93

[Discussion by Yuji Tsushima, Hajime Funada, Takenori Kanzaki; Soichiro Tahara, moderator; place and date not given: "Discuss Full Details of Plan for 'New-New Party'—From Basic Policy, Choice of Party Leader, Organization, and Strategy to Timetable, Continuing on From 'Basic Principles of the New Party"]

[FBIS Translated Text]

LDP-SDPJ Side Responsible for Differences Being Unclear

[Tahara] The progress of the new party is having unexpectedly rough going, is it not? In the beginning Ozawa said it would be formed in September, and Hata, too, was saying that he wanted to form it in October, but that is impossible with the present schedule. Why has it been delayed?

[Kanzaki] The Japan Democratic Socialist Party [DSP] wanted to see the Social Democratic Party of Japan [SDPJ] conference of 3 September, and had the problem of what stance to adopt toward the SDPJ.

Komeito, too, had the problem of 600 staff members of the KOMEI SHIMBUN, and even in next spring's unified local elections it has endorsed over 2,000 candidates and has a total of 3,000 local legislators, so there is also the situation that coordination within the party takes time.

Furthermore, there was Aichi's upper house by-election, so for the time being we threw all our effort into that. Should one call it learning with one's body before creating a new party with one's head? To actually conduct an election campaign on the spot, and see what happens, and create the reality of the new party by coming together in that activity. I think that kind of thing also operated.

After that the tempo increased overall, so if we go at this speed, I suspect that formation of the new party will be possible about the latter part of November.

[Funada] As to principles and basic policy, those who bear responsibility for that are always meeting and discussing it while also mixing at meetings of party leaders, so agreement has gradually been reached. But I sense that a small number of matters remain as tasks in regard to organization. Viewing it also from the Aichi results, friendly Diet members all understand that we become this strong if we unite, but there is the situation that enthusiasm is not as strong at the local-organization level as it is at the center.

[Tahara] Even talking about local matters, in fact Shinseito [Japan Renewal Party] consists mainly of Diet members, right?

[Funada] Most of it is individual support groups, but this concerns joining with various union people and people of other groups, and there remain a few parts that even we cannot accept.

[Tahara] What kind of things are they exactly?

[Funada] When it becomes a system of single-seat election districts some of the individual support groups will be separated from the election districts in which their candidates will run. The need will arise to assign them to new candidates. There will also arise here and there cases in which they will have to aid candidates in party factions other than the one they have supported up to now. Moreover, we will join together not only at election time, but on a regular basis. This is a very difficult problem, so we will probably spend time solving it.

[Tahara] Mr. Tsushima, you served as chairman of the committee for drafting the basic principles of the new party; what kind of things were difficult?

[Tsushima] There are all sorts of groups, from the Komeito and DSP, which have traditions, and Shinseito, which is very strong organizationally, to our group, which has made an appearance in a rather free and broadminded manner, so opinion is very divergent; but the primary point given consideration in creating the principles this time was to concentrate these opinions as much as possible and go on organizing Japanese politics into two axes by which alternation of governments would be possible. It contains questions that would take a great deal of time if you discussed details exhaustively, but I think that in a limited time they put together for us well a direction that we can trod together as the greatest common denominator.

[Tahara] But the assessments in the editorials of all the newspapers are not too good, are they? The MAINICHI says, "New-new party principles in which a counter axis is not visible"; SANKEI says, "Inadequate new-new party principles", and both the ASAHI and YOMIURI say that the difference is unclear and tell the party to do battle by concrete arguments.

[Tsushima] The other side is responsible for the difference not being clear. The Liberal Democratic Party [LDP] and SDPJ have become a structure that incudes everything from right to left, and can bring out either, depending on the situation. Therefore it is natural that the counteraxis is not clear.

We have set out from the point that this is strange and truly irresponsible, and that it violates the basis of parliamentary democracy; we want to compete by seeing which of the two sides can clearly indicate the road which Japan should travel.

In Tax Reform It Is Important To Debate Goals Before Numbers

[Tahara] Where exactly do you find your differences from the current government?

[Tsushima] First, on domestic policy, we want to provide the public with as many services as possible, but there is the basic difficulty of how to require that burden and how to avoid an excessive burden.

On that point, in the current LDP-SDPJ setup a force that has for a long time said that it takes no responsibility regarding the burden and that politics need only be kind, and a force that fully possesses vested interests in terms of an established structure of politics, bureaucracy, and industry have gone and joined together, so one cannot come to a conclusion by discussion of what exactly they will do.

In contrast to that, we will continue to ask how far we can go in relaxing regulations and avoiding unnecessary government interference and excessive administrative cost.

Speaking on the aspect of diplomacy, the SDPJ advocates one-nation pacifism, in other words, we will all chant peace, peace, regardless of what is happening in the world. On the other hand, the LDP, and I know because I was in the LDP for a long time, has some people like that, but it has a type of ultranationalist. Those two forces are strangly embracing each other in the current government.

[Tahara] You call it strange, but you once formed a coalition government with that one-country pacifist SDPJ, did you not? Was not the Hosokawa coalition government the same as the current LDP-SDPJ coalition government on that point?

[Funada] We are saying the LDP-SDPJ coalition is improper because we moved by winning Diet seats in last year's election, but neither the LDP nor the SDPJ publicly pledged even once at that time to form a coalition. We made the public pledge that we would manage to build a proper political force with non-LDP forces, so up through the Hosokawa and Hata governments it was not a violation of that public pledge.

[Tsushima] After this a war of words will begin concerning both domestic and foreign policy, and points of controversy will emerge by themselves during the course of dealing with specific tasks. In tax reform, for example, such things as the two-stage argument of the LDP-SDPJ coalition side is clearly a deferment of the problem because it says nothing about what will be done at the second stage.

[Tahara] There is talk that the two-stage argument was origially created by you when you were in the LDP. Would you care to comment on that?

[Tsushima] At the time the LDP was an opposition party. That was probably the only way to bring out its difference as an opposition party.

[Tahara] Do you mean that you just created it at random?

[Tsushima] No, it was that this was the only way to defer problems as an opposition party. Because the LDP suffered a great shock by losing governing power last year, and to put it into words, an atmosphere developed that we will do anything in order to return to power, we will join hands even with demons; if we do not, this party will have no tomorrow; and the Research Commission on the Tax System was filled with calls to "do a conscientious job. It is better for the [tax] burden to be as light as possible," so it was not settled.

[Tahara] Now the governing parties are trying to do that.

[Tsushima] Yes, they are. We are saying is it not strange for a governing party to do it.

[Tahara] That seems a bit unreasonable...

[Kanzaki] In this way we spent five months, from February to June 1994, creating a council on tax reform and creating three subcommittees, and we have had considerable debate on the problems of welfare and administrative reform and problems related to the basis of taxation. And in the end, looking at the aging society, it worked out that we will also have to request a proper increase in taxes for that.

[Tahara] Dealing with the aging society will naturally be impossible unless one raises the rate of the consumption tax to 6 or 7 percent, correct?

[Kanzaki] Correct. Therefore, the government must make clear that it is now trying to raise the rate of the consumption tax after having properly debated the problem of nursing care or the problems of how to deal, beginning now, with a society with fewer children, or how deeply to probe into administrative reform. It is important first to exhaustively debate objectives before the numbers of what percent, and the LDP-SDPJ-Sakigake [Harbinger] has none of that.

[Tahara] In the beginning it was 5 percent.

Creating a Policy Committee Based on Reconsideration of the Former Coalition

[Tsushima] Speaking from that viewpoint, it was not good that Hosokawa roused the public late at night and

7 percent. Moreover, the basis for the 7 percent was merely that the Finance Ministry's Tax Bureau and Budget Bureau joined together and thought that the portion to recover what was lost by lowering taxes would be insufficient by that much.

[Tahara] At that time you were truly an opposition party and on the opposing side; where was the problem with a coalition government that does things like that?

[Tsushima] It was not clear who was responsible for policy. It was a structure in which those on the level of secretary general and general secretary or higher decided this and that. As might be expected, most of the points which caused that were in the SDPJ. That is, that kind of large group does not do what it is told. As to what to do about it, you have to raise it to a higher level.

By rights, a number of persons ought to gather and form a group with a firm policy and debate consistently, and should set out the complete agenda by holding a dialogue with the public, saying what will be done in regard to each of the related systems, but it was a structure in which that was difficult to do.

[Tahara] It is generally said that "Ichi-Ichi" [Ichiro Ozawa and Yuichi Ichikawa] did as they pleased. Would you comment on that?

[Funada] No, there was certainly nothing like that. They at least complied with the procedure of deciding on policy as a party, or the procedure of deciding as the coalition ruling parties of that time. But I think there were certainly some parts missing in regard to a feeling that they conducted a thorough debate of all the members of the party or the general public and gradually organized it.

[Tahara] Was everything focussed too much on the representative secretary generals in the former coalition?

[Tsushima] Yes. I think that was probably because there were unfortunate circumstances.

[Kanzaki] That was my first real experience with full-fledged coalition government. The party leaders all became cabinet ministers, so management of the parties had to be done mainly by representative secretaries. It is true that communicating intentions between the party leaders and the representatives was difficult because of that. And the SDPJ changed in midstream, so cooperation with the others did not go well. I think we must reflect upon that fully.

[Tahara] How do you intend to do things in the new party this time based on that reflection?

[Tsushima] As for my wishes, I hope we build a fine setup for planning policy, and I would also like to have a clear spokesman on policy. To have everything decided by secretaries general or by general secretaries, ultimately puts a burden on them, and all kinds of criticism also comes out all at once.

[Kanzaki] What is being considered now is to create a policy committee, in addition to a political affairs committee which will undertake the responsibility of Diet affairs.

[Tahara] Would the members decide things in the present form, with each party separate?

[Kanzaki] We have not yet settled things that far, but it will probably work out that we will continue to decide by the right person in the right place while giving consideration to the actual results of activities up to now.

[Tahara] Who will decide?

[Kanzaki] We now have a summit council made up of representatives and party leaders, so ultimately things will be decided there.

Selection of the First Party Leader Will Be Done by Negotiation

[Tahara] When a new party comes into being one first decides on the party leader, right? Kozo Watanabe is saying: "For the present we will operate by a system of collective leadership." Would you comment on that?

[Funada] We are creating a new party with the objective of recovering political power, so at some point we must set someone up and face the election to name a prime minister. Furthermore, there may even be the case in which the other side surrenders political power, saying: "We give up," and suddenly says: "Send out your representative."

When we consider that kind of thing, I think that, as long as it is a modern political party, it should not, after all, have a collective leadership. We should decide on a representative by a consensus of everybody, and the representative should also properly fulfill the role of party leader in practical terms in daily activities.

[Tahara] There are many ways to decide on a party leader, election or negotiation, what do you think?

[Funada] Elections as such are not necessarily democratic, nor can one say that negotiation is undemocratic. But from the public view, the method in which transparency is guaranteed and that people call democratic, is after all, elections, so I personally think that we should settle the matter of deciding on a party leader by that means.

[Tahara] Then, would that be an election by Diet members of both houses?

[Funada] We would probably have to first decide by mutual election by them. But, for the first time, if we decide satisfactorily by negotiation, I suspect even that would be all right, but in such a case it would be necessary for the proceedings and reasoning to be clear to the public and to obtain its understanding. Up to now selection has often been by negotiation, and it has been considered suspicious when the president of the LDP,

for example, is selected because it was completely unclear, and there was the sense that a person just popped out.

[Tsushima] In the sense that it is better to select by a system that is as transparent and easily understood as possible, the basis is an election, and when we have become a national party, the most desirable is to elect by casting votes in which representatives from all regions also take part, but in the process of going there, at the present stage, I, too, think that it is better for a large number to decide by negotiation.

[Kanzaki] The base is an election, but speaking personally, with the first time it will probably be all right if we decide by negotiation and add an election-like element by having the result approved by the members of the Diet. But from the second time onward, we should decide by a proper election.

I say this because each party has its own situation, and it is difficult to decide on the scope of the voters. Taking even Komeito, there is a merger argument, which calls for merging at one stroke, and a party split argument, which says that, because of local organizations, Diet members will go to the new party first, but will the party will leave a few of them behind. The party split argument is favored, but it is still being debated within the party. (Note: Later, Komeito decided on the party split argument at a meeting of an expanded central Executive Committee on 21 September)

[Tahara] When you say leave a few behind...

[Kanzaki] It means that, in order to avoid becoming a party of only local legislators, it will leave a few Diet members behind and form an executive. But even if it works out that they operate by the party split argument, it is, of course, an argument with two stages; for the present the Diet members join the new party, and after some time the local legislators also join.

[Tahara] Who will negotiate the first time?

[Kanzaki] I think the summit council would do, and the five party leaders alone would also do.

[Tahara] Would it be better for the leader of the new party to be selected from among the current leaders of each party? Would it be better for a totally different, fresh person to be selected? Which is it?

[Funada] It is a difficult problem; I think it would probably be proper to make the members who comprise the summit council the prime candidates and have them select from within that.

[Tsushima] Yes. It would be difficult to come up with a third party right now, and the current leaders of each party are fine persons, so I think if we remain firm it will be fine no matter who becomes leader.

[Tahara] To carry logic to extremes, there is also the ploy of selecting someone other than a Diet member of the new party.

[Tsushima] I think it would be permissible to have that kind of situation in the future.

They Aim for a Majority in the Election, But Also Would Not Reject a Coalition Government Either

[Tahara] Incidentally, even if the new party were formed it could not achieve a majority with just your present numbers, could it?

[Kanzaki] Certainly we need a greater number in order to build a setup that can do battle when the time comes, but we are just about to change to a new system after this, so I think the kind of coordination of candidates that will be done among the LDP, SDPJ, and Sakigake in 300 election districts will be a problem.

Furthermore, we are coordinating among ourselves, but even so there remain empty districts for slightly over 100 seats. Do we allot new people to them? Do we allot people who lost in the previous election? It is also fully possible that we will exchange views with Diet members who are in the present government and be able to have them come to this side.

[Tahara] This sounds somewhat bad, but are you planning to undermine their solidarity?

[Kanzaki] The new electoral system is arranged in such a way that this cannot help but happen of itself. Therefore, we judge that there is a possibility of building a larger force.

[Tahara] Will you gain power by an election?

[Funada] Basically that is probably true, as might be expected.

[Tahara] Are you planning to capture a majority by the new party in an election?

[Funada] I think that is naturally the case.

[Harada] Is the new party not planning, as a strategy, to obtain a majority by drawing in the SDPJ or Sakigake, or on occasion the LDP, in other words, by forming a coalition government?

[Funada] That is not necessarily outside our plans. As a transitional form in a case where we did not reach a majority by ourselves alone, we would also not reject doing it by a coalition by appealing to another party or to part of another party. But I think the ideal is for the new party to properly gain a majority in an election.

[Tahara] I thought you were not an advocate of two major parties...

[Tsushima] I am not recklessly advocating a thesis of two major parties. I am talking about alternation of governments, including coalitions, strictly within the scope of policies promised to the people.

The SDPJ joined with the LDP and will suffer more and more. We almost truly want to see what kind of sermon the SDPJ members deliver when they return to their home districts. In particular, next year's upper house election is coming with no time outs, and there will be 26 single-seat districts, so what kind of verdict will the people deliver then?

I think there will also naturally emerge among thoughtful persons in the SDPJ those who say that the LDP-SDPJ coalition is their own suicidal act. Among them there may emerge also those who say: No, this time they will soon become LDP in body and soul. Even now there are dozens of cases who come to us asking us to leave a certain district open without deciding yet.

We will create political conditions in which the people can choose, including that kind of thing. We will do things in such a way that the people can judge them if those in the ruling parties err in managing the government or commit corrupt acts. Of course, in such a case there need not be two large parties. It would be fine even in the form of parties cooperating whose doctrines and claims are in agreement. I judge that the next general election will without doubt have that kind of form.

[Tahara] Are local legislators already appearing for Shinseito?

[Funada] They have begun to appear a few at a time. But everyone is taking a good look at the new party, and people have even fought in the past over moving suddenly from the LDP to Shinseito, and there is also the matter of dislikes among those who are closest to each other, so it is very troublesome, but if one calls it a new party, the nuance changes slightly, and the state of rivalry relaxes a little, so most say they will enter then. Therefore, I suspect that in local organizations there will not be too much conflict between the new party and the old LDP.

[Kanzaki] I think the handling of the SDPJ will be difficult. Will the SDPJ itself advance in the direction of forming a new party with the LDP and Sakigake? The chairman of the party has temporarily become prime minister, so they support the current government, but will they want to return to the former coalition side if they consider the future? Or will the inside of the SDPJ split?

Unfortunately, they are intent only on preserving the government, so debating seriously within the party cannot be seen, but passing through the concrete elections of the unified local elections and the upper house election, they will probably have to decide on their actions. I think the outcome of that will exert a great influence on the future political situation.

[Tahara] How will you select the party's name? Will you make a general appeal?

[Tsushima] Insofar as possible, it would be better to decide against a background of the opinion of the entire Japanese people, but to decide completely by relying on a public appeal alone would also be irresponsible.

Another way would be for us, who bear the responsibility, to use our intelligence and suggest from our perspective which name would be good. Is this not the most difficult but the most enjoyable field of work? We want to continue doing it while consulting with everyone.

Profiles of Discussion Participants

Yuji Tsushima (chairman of the committee for drafting the basic principles of the new party)

Born in Tokyo 1930. Graduated Faculty of Law, Tokyo University. Passed judicial examination while at university. Entered Ministry of Finance in 1953. Retired from government service after serving in the Japan Tobacco and Salt Public Corporation and as Ministry of Finance Counselor. Stood for Diet in 1976 from the Aomori Single District. At that time changed his last name to the family name Tsushima of his wife (eldest daughter of [author] Osamu Dazai). Seventh term in Diet. Appointed to minister for health and welfare in 1990 in second Kaifu cabinet. Left party after start of Murayama cabinet in June of this year; belongs to Koshikai.

Moderator: Soichiro Tahara (Commentator)

Born in Shiga Prefecture 1934. Graduated Faculty of Letters, Waseda University. After serving as a director for Iwanami Motion Pictures and Tokyo Channel 12, became freelance in 1976. Currently actively engaged in such shows as Sunday Project and Live Television Till Morning which take up as topics the most leading-edge questions of the times. Has authored many works, including Atomic War, Japanese Bureaucrats 1980, The Genetic Industry Revolution, Telecommunications, and The Age of Services.

Hajime Funada (Shinseito permanent secretary)

Born in Tochigi Prefecture 1953. Completed education major at Keio University Graduate School. Ran from Tochigi single district in 1979 because of sudden death of grandfather, Naka Funada, and elected as nation's youngest Diet member. Sixth term in Diet. Continued as an independent after first election, but in 1984 entered the Tanaka faction, and after being in the Takeshita faction is now in the Hata faction. In 1992 appointed to director general of Economic Planning Agency in Miyazawa reshuffled cabinet. Became youngest minister of state since end of World War II. In June of following year resigned ministerial post and participated in formation of Shinseito.

Takenori Kanzaki (Komeito floor leader)

Born in Tianjin, China, 1943. Graduated Faculty of Law, Tokyo University. Passed judicial examination while at university. Entered Public Prosecutors Office in 1966, and served in Criminal Affairs Bureau of Ministry of Justice in 1981 after serving at distict public prosecutors offices in Tokyo and Naha and so on. In 1983 ran for Diet from Fukuoka single district. Fourth term in Diet.

After serving as Komeito deputy secretary general, appointed to Hosokawa cabinet's minister for posts and telecommunications in 1993.

Report on News Conference by Shinseito's Ozawa OW2911100994 Tokyo TOKYO SHIMBUN in Japanese 22 Nov 94 Morning Edition p 18

[By Ryoji Tateo]

[FBIS Translated Text] Ichiro Ozawa, chairman of the executive committee of the new party preparatory panel, held a regular news conference on 21 November. There are now three weeks left until the official formation of the new-new party [shinshinto]. As the struggle for senior posts in the new party approaches its final stage, criticism of Ozawa, who is "jitsuryokusha" [an influential person], has become more severe by the day. In such circumstances, how successful will his efforts be to create a "softer image" of himself?

[Reporter] What is your reaction to the Diet passing the political reform related bills, including the redistricting bill?

[Ozawa] I am filled with deep emotion because I have maintained the need for political reform since I was first elected as a legislator 25 years ago. However, you and my political colleagues have a slight misconception. The introduction of a single-seat constituency system is a step toward political reform, it means we have to use this opportunity to further promote reform.

[Reporter] Do you think the lower house should be dissolved followed by a general election?

Dissolution of the Lower House and a General Election Would be Reasonable

[Ozawa] Although the change in the electoral system is the major reason to dissolve the lower house and hold a general election, I think the administration formed by the LDP [Liberal Democratic Party] and the SDPJ [Social Democratic Party of Japan] has the most reason to seek the verdict of the public. It is a justifiable demand that the lower house be dissolved and a general election be held at the earliest opportune time. In reality, the overall political and economic situation has to be taken into consideration.

[Reporter] Since the inauguration of the Hosokawa administration, the current LDP-SDPJ administration and other administrations have been able to come up with the necessary number of party members to take power after elections. Do you think they have been mandated by the people and have obtained their trust?

The LDP-SDPJ Administration is Totally Different From The Hosokawa Administration

[Ozawa] You should not put the Hosokawa administration and the LDP-SDPJ administration in the same category. They are totally different. In an effort to

achieve political reform, which the LDP is unable to do, we formed Shinseito [Japan Renewal Party] to compete in elections. The SDPJ and other parties agreed to establish a non-LDP administration and tackled political reform right away. It is not funny.

[Reporter] The SDPJ did not join the Hata administration.

[Ozawa] This is why we are having debates on specific policies this time. But I do not know whether (the SDPJ) seceded from our camp due to the policy debates (Mr. Ozawa smiles at the irony).

The SDPJ competed in the election under the banner of "the non-LDP forces" with the slogan "the LDP is disgraceful." However, they then formed the LDP-SDPJ administration. What they are now doing is totally different from the stand they took when they appealed to the people. I maintain that they have more reason to seek the verdict of the public.

[Reporter] However, it cannot be said that the Hata administration, excluding the SDPJ, passed the test of public approval. This is because the LDP and the SDPJ won more votes than your camp in the last year's general election.

[Ozawa] Well...[pauses] in that sense the number of Diet (word as published) supporters decreased. In that sense, you are right.

[Reporter] As long as the new-new party includes those who secede from the LDP, it cannot be said the party has won public support because the LDP-SDPJ administration has not.

[Ozawa] Not all party members are like that. Some of them have seceded from the LDP, this, however, is something between them and the people. Did the people vote for them as LDP members, or did they vote for them out of sympathy with their determination to achieve political reform? In that sense, they will have to provide clear explanations at the next election.

[Reporter] Do you not think that both the ruling and opposition parties are required to face a general election at an early date?

The Election Is More Necessary For The Ruling Parties

[Ozawa] I told you that although both sides are required to face a general election, the LDP-SDPJ administration probably has more reasons to do so in connection with the question of how they will manage the administration. You should have listened carefully. When I said it is justifiable to hold a general election, I was taken all parties into consideration. I told you, though, that the ruling parties have more reasons.

1995 Budget To Fall From Last Year by 3%

OW2911103894 Tokyo KYODO in English 1017 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Japan's general account budget for fiscal 1995 is likely to show the first year-on-year drop in 40 years, Finance Ministry officials said Tuesday [29 November].

The budget is expected to slip by some 2 trillion yen from the initial fiscal 1994 budget to about 71 trillion yen and will decline by some 3 percent from the 73.08 trillion yen budget for the current year, they said.

The austere budget will result in the first decline from the previous year since fiscal 1955, when it posted a yearly 0.8 percent fall, they said.

They attributed the minus growth to severe financial conditions, with a substantial increase in tax revenues unlikely for fiscal 1995 due to slow economic recovery.

The ministry intends to sharply curtail growth in general operating expenditures, the core spending in the general account, by broadly reviewing all spending, including for official development assistance (ODA), public works and defense, they said.

With a view to bracing up economic recovery, however, the ministry will allow the budget for public works outlay to increase by more than 4 percent, they said.

Tax revenues in fiscal 1995 are estimated at 54 trillion yen to 55 trillion yen, slightly more than the initial fiscal 1994 estimate of 53,665 billion yen, the officials said.

The ministry plans to issue construction bonds worth slightly less than 9 trillion yen, the maximum limit under the present law, as well as about 3 trillion yen in deficit-covering bonds to finance tax cuts, they said.

In addition, it will try to secure nontax receipts such as payments by the Bank of Japan and the Japan Racing Association, and so-called "invisible debts" such as transfers from a special account to the general account in order to obtain revenues of some 71 trillion yen, they said.

Meanwhile, the ministry intends to bring down general operating expenditures to less than 42 trillion yen, compared with a combined 42.82 trillion yen requested in August by government agencies and ministries, they said.

It will also reduce expenses for debt servicing by partly suspending annual fixed-rate transfer from the general account to the national debt consolidation fund for redemption of government bonds issued in the past, they said.

Grants to local governments are expected to decrease below the requested amount, reflecting sluggish tax revenues, they said.

The ministry will try to reduce such grants by postponing repayments of funds borrowed in the past from local governments and is supposed to return in the form of additional grants, they said.

Central Bank Governor Says Economy Recovering OW3011080394 Tokyo KYODO in English 0742 GMT 30 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 30 KYODO—Bank of Japan Governor Yasushi Mieno reiterated Wednesday [30 November] that Japan's economy is recovering gradually.

Mieno said at a news conference, "we have not changed our comprehensive judgment that the economy is slowly recovering."

"So, we will not change our monetary stance for the time being," he said.

As factors backing up the judgment, Mieno cited broadly recovering private consumption, notably of durable goods such as automobiles and consumer electronics, although recovery in sales at supermarkets and department stores took a break.

At the same time, Mieno said the yen's continuing strength and intensified competition with other Asian nations somewhat weakened the impetus of economic recovery.

The point is the sustainability of economic recovery, in other words when and how strongly corporate capital investment will recover, Mieno said.

Companies' capital spending plans for next fiscal year starting April 1995 should be one factor to judge the outlook, he said.

Under the circumstances, the central bank will continue carefully examining the sustainability and pace of the economic recovery, by closely monitoring economic and monetary conditions, including stock price developments, Mieno said.

Turning to nonperforming assets, Mieno said the balance of such assets has finally reached its peak.

However, further steps must be taken such as improving cash flows through liquidation of nonperforming assets and recovery in capital positions, Mieno said.

The task of accomplishing the disposal of nonperforming assets is "still half completed," he said, calling for financial institutions to make further self-help efforts.

Asked about the need to disclose data on interestreduced or exempted loans, Mieno expressed a positive stance.

"The future direction is clear," Mieno said, referring to recommendations by the Financial System Research Council, an advisory body to the finance minister, that it is desirable for financial institutions to proceed with disclosure step by step.

Asked for comment on newly introduced lottery-decked deposits, Mieno only said it is important for each bank to

work out original ideas on interest rates and giveaways to meet customers' needs on the process of financial liberalization.

Background to BOJ Governor Appointment Examined

OW2911083694 Tokyo EKONOMISUTO in Japanese 22 Nov 94 p 25

[Article by EKONOMISUTO staff member "U" from the "News Focus" column: "Bank of Japan Governor: Sakura Bank's Consultant Matsushita Is Named for the Sake of 'Maintaining Order'"]

[FBIS Translated Text] On 10 November, it was decided that 68-year-old Yasuo Matsushita, former administrative vice minister of finance and presently a consultant to Sakura Bank, will assume governorship of the Bank of Japan [BOJ] on 16 December when the incumbent governor's 5-year-term will come to an end. He will be the 27th BOJ governor. Despite all the talk about change, this repeats the old practice of alternating the governorship between a BOJ career man and a man who has been a Finance Ministry administrative vice minister.

Since the incumbent governor Yasus'ni Mieno is a BOJ career man, the new governor was chosen from among those who had worked with the Finance Ministry, including Matsushita; Mitsuhide Yamaguchi, former governor of the Japan Export-Import Bank and presently chairman of the board of directors of the Tokyo Stock Exchange; and Yoshihiko Yoshino, governor of the Japan Development Bank. In May, Yamaguchi became the Tokyo Stock Exchange's chairman, and the possible nominees were narrowed down to Matsushita and Yoshino. The Finance Ministry officials headed by Jiro Saito, administrative vice minister of finance, pushed Yoshino strongly for the post because Matsushita is an older man and the Sakura Bank founded by Matsushita holds a large number of bad debts due to the collapse of the bubble economy. Leaders of the former coalition government supported "Yoshino as appropriate."

Against this, Minoru Nagaoka, reputed to be a strong man among the old Finance Ministry career men and a former chairman of the Tokyo Stock Exchange, and the incumbent BOJ Governor Mieno strongly recommended Matsushita.

Masayoshi Takemura's assumption of the post of finance minister had an impact on this tug-of-war. Because Yoshino was regarded by the old coalition force as its favorite and Finance Minister Takemura displayed the attitude that he would not stick to the old practice of alternating appointments, the Finance Ministry bureaucrats and the BOJ side felt a strong sense of crisis and united to the contrary. It was reported that the Finance Ministry bureaucrats accepted Matsushita's assuming the BOJ governorship because Yoshino steadfastly refused to accept the offer and the Finance Ministry bureaucrats did not want to see the traditional "order"

collapse. Some believe that the Finance Ministry has influence over Matsushita by doing him a favor of not making an issue right now over the Sakura Bank's bad debts, which might dishonor Matsushita. On the BOJ side, there was an expectation that its director, Toshihiko Fukui—reputed to be the "BOJ's prince"—becoming the bank's governor five years later would be definite, if the "order" is maintained. It is ironic that the change in the government worked as a factor in the maintenance of "order."

In his dawn news conference on 11 November announcing this appointment, Finance Minister Takemura explained: "I do not think it is good to keep rules restricting the range of selection. The result of choosing the most suitable person has turned out to be the Finance Ministry career man."

How To Secure Independence

Matsushita will have serious responsibilities. Liberalization of interest rates has been completed, and the liberalized market is moving fast. More than ever, the BOJ is required to be responsive in its monetary policy. Meanwhile, the national economy is burdened by a balance of 200 trillion yen in national bonds and a rapid dip in tax revenue is anticipated. Although the business slump has hit the bottom and the economy is now on the way to recovery, there is a strong possibility that a dramatic monetary policy may be required to stimulate the economy. In spite of the favors he has received, how Matsushita is going to maintain the independence of the BOJ is worthy of note. He also has to face problems involving amendments to the law governing the BOJ.

The BOJ governor has a difficult schedule, including frequent participation in international conferences such as the G-7 finance ministers and central bank governors' meetings. Matsushita is only two years younger than Governor Mieno.

Takemura on 6.1-Trillion-Yen Agricultural Package

OW2911085194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 25 Nov 94 Evening Edition p 2

[FBIS Translated Text] At a news conference following the cabinet meeting on the morning of 25 November, Foreign Minister Masayoshi Takemura commented on domestic agricultural measures that will cost 6.1 trillion yen over a six-year period. The measures will be introduced to meet the requirements of the Uruguay Round agreement.

He said: "The agreement made between the government and the ruling parties will affect budgets which have been allocated so far. We will not be debating whether or not this framework is different from agricultural budgets allocated so far. We agreed to earmark 6.1 trillion yen for new national and local projects."

His remarks indicate he does not like the idea of allocating expenses needed for new agricultural measures on top of securing the Ministry of Agriculture, Forestry and Fisheries budget for fiscal 1994.

They further indicate that financial authorities hope to make a change to outline agricultural measures by incorporating domestic measures, designed to deal with agricultural liberalization, into already existing agricultural projects.

Murayama Urges Panel To Correct 'Unfair Taxation'

OW2911064194 Tokyo KYODO in English 0540 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Prime Minister Tomiichi Murayama urged the government's tax panel on Tuesday [29 November] to proceed with discussions to rectify unfair taxation as a way to limit a planned consumption tax hike.

Addressing a meeting of the Tax Commission, Murayama emphasized "fair" taxation along with administrative and fiscal reforms in reconsidering the planned tax hike. He was referring to a provision for reviewing the scale of the consumption tax hike under the tax reform bills enacted last week. The bills call for the consumption tax to be raised to 5 percent from the current 3 percent in April 1997, but the provision allows for them to be raised even more at that time if conditions call for it.

The advisory panel to the prime minister is to hold a round of meetings before compiling its proposals on tax revision for fiscal 1995.

Finance Minister Masayoshi Takemura also called for discussion of unfair taxes at the panel meeting, while pledging "active" pursuit of administrative and fiscal reforms. Takemura, in a prepared speech read by Parliamentary Vice Finance Minister Kyogon Hagiyama, stressed the need to follow up debates on revamping asset taxes and special tax treatments.

During Diet deliberations and at press conferences earlier, Takemura has dismissed proposals for abolition of asset taxes, including land-value tax and securities transactions tax, in the fiscal 1995 tax revision.

Panel chairman Kan Kato has indicated that the panel intends to discuss asset taxes as a "comprehensive reform in the medium term" instead of for immediate change.

Tax Panel Chief Says Stimulative Cuts Still Needed

OW2911104994 Tokyo KYODO in English 1008 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—The shaky economy still needs the special tax approaches

adopted under the previous economic stimulus package, the head of a blue-ribbon government tax panel said Tuesday [29 November].

"We can't yet be complacent" about economic conditions, Kan Kato, chairman of the Tax Commission, told reporters after a panel meeting, dismissing the government's recent assessment that the economy is gradually heading toward a recovery.

Noting it as his personal view, Kato said that uncertainties prevail over the still-sluggish capital investment and the direction of the dollar-yen exchange rate.

On currency rates, Kato cited the need to watch U.S. President Bill Clinton's policies after the landslide defeat of his Democratic Party in the midterm elections earlier in November.

"We must be prepared with umbrellas for possible rain," Kato said in describing the need to continue economystimulating tax breaks.

But he added that some tax measures have already lost their effect and the tax panel intends to review them along with other special tax arrangements when working out its tax revision proposals for fiscal 1995.

At Tuesday's meeting, the panel heard explanations by the Finance Ministry of fiscal conditions and by the Economic Planning Agency of the economic situation.

Acknowledging the tough fiscal and economic environment for tax revenues, the panel reaffirmed the need to pursue administrative and fiscal overhauls to cut expenditures, Kato said.

The panel is paying "utmost attention" to government measures, he stressed, in referring to pledges made by Prime Minister Tomiichi Murayama and other leaders at the outset of the Tuesday meeting.

Briefly addressing the panel, Murayama called on it to proceed with discussions to rectify unfair taxation as a way to limit a planned consumption tax hike.

He emphasized the need for "fair" taxation along with administrative and fiscal reforms when reconsidering the planned tax hike, pointing to a provision for reviewing the scale of the consumption tax hike under the tax reform bills enacted last week.

The reform laws call for the consumption tax to be raised to 5 percent from the current 3 percent in April 1997, but allow it to be revised by September 1996 in line with fiscal conditions existing at the time.

Finance Minister Masayoshi Takemura also called for discussion of unfair taxes at the panel meeting, while pledging "active" pursuit of administrative and fiscal reforms.

Takemura, in a prepared speech read by Parliamentary Vice Finance Minister Kyogon Hagiyama, stressed the need to follow up previous debates on revamping asset taxes and special tax treatments.

During Diet deliberations and at earlier press conferences, Takemura has dismissed proposals for abolition of asset taxes, including land-value tax and securities transactions tax, in the fiscal 1995 tax revision.

Panel Chairman Kato reiterated that his panel intends to discuss asset taxes as a "comprehensive reform in the medium term" instead of considering them for partial immediate changes with fiscal 1995 tax revision.

The panel's next meeting will be held Friday to decide on reform items for fiscal 1995 in preparation for kicking off procedures for compiling a recommendation report in mid-December, Kato said.

Murayama Urges Ministers To Take Lead in Reform

OW2911054794 Tokyo KYODO in English 0451 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Prime Minister Tomiichi Murayama on Tuesday [29 November] urged the members of his cabinet to display leadership in streamlining over 100 special organizations under the governmental control. Murayama told a meeting of the cabinet, "I know it is an extremely difficult task. But I would like to see good results be produced with the cabinet members leading their ministries and agencies."

The pep talk came after Management and Coordination Agency Director General Tsuruo Yamaguchi briefed his colleagues on interim reports drawn up by ministries and agencies for streamlining special organizations under their jurisdictions. Their reports contain few actual steps to scrap or curtail such organizations although they stress the importance of an overall review with regard to their necessity and effectiveness, cabinet members said. The agency hopes to press ministries and agencies to come up with actual cutbacks or privatization plans for these organizations by the Feb. 10 deadline.

These 120 government-backed enterprises have come under public fire because they often serve as job suppliers for retired bureaucrats and their reason for existence is questioned. In the midterm reports, the ministries and agencies defended the significance of the businesses conducted by these special organizations under their jurisdictions.

Yamaguchi was disappointed in the reports, saying "They would have been better if they had included more concrete steps." "I will try hard in cooperation with the other cabinet members to put in the final reports some names of organizations that should be rationalized," he told a press conference.

Environment Agency Director General Sohei Miyashita called for the leadership by the Management and Coordination Agency for producing results. "The leadership

by ministers over their ministries has its limits," he told a press conference. "I think the initiative by the agency in charge will attain more effective reforms," he said.

The cabinet members are well aware of the difficulty of the task. International Trade and Industry Minister Ryutaro Hashimoto reportedly said in the day's meeting with his colleagues that the administration should give good consideration to how to coordinate the reform job with the Diet deliberations over the fiscal 1995 budget, which will come to a head around the February deadline for the final reports.

Finance Minister Masayoshi Takemura said at a separate press conference that the administrative reform is the cabinet's biggest task after the current extraordinary Diet session due to end Dec. 3. He described the interim report drafted by his ministry as "only an explanatory paper" on the history and present situations of the organizations. The report, which Takemura said did not reflect his own ideas, has no sense of drastic reform. Takemura also urged the Management and Coordination Agency's initiative in developing specific ideas.

Takemura Supports Administrative Reform

OW2911024494 Tokyo KYODO in English 0225 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Finance Minister Masayoshi Takemura said Tuesday [29 November] the government will seriously tackle administrative reform by its self-imposed deadline of Feb. 10.

Takemura said at a press conference after a cabinet meeting, "administrative reform is the cabinet's biggest task facing the government after the current extraordinary Diet session" which is due to end Dec. 3. "Ministers should be determined to do what they said."

The finance minister described the interim report on reviewing four special corporations under the ministry's jurisdiction drawn up by bureaucrats as "only an explanatory paper" on their history and present situations, like other ministries' reports.

The report, which Takemura said did not reflect his own ideas, has no sense of drastic reform, he said.

Top aides to the prime minister and the Management and Coordination Agency should take the initiative in developing specific ideas," Takemura said.

Hashimoto Vows To Continue Reforms

OW2911022594 Tokyo KYODO in English 0210 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— International Trade and Industry Minister Ryutaro Hashimoto said Tuesday [29 November] his ministry will do its utmost to achieve the government's chief policy goal of streamlining government-financed corporations. A project team set up within the Ministry of International Trade and Industry (MITI) will come up with specific plans by early February for privatization and liquidation of such corporations, Hashimoto told a news conference.

Streamlining programs shown in interim reports MITI and other ministries and agencies have recently presented to the Management and Coordination Agency came under fire as lacking specifics.

Interim reports have clarified various problems of government-financed corporatons, Hashimoto said.

Apparently dismissing the public criticism against the contents of the interim reports, Hashimoto said ministries were not asked from the beginning to spell out specific names of corporations subject to scrapping.

The Management and Coordination Agency on Tuesday asked each ministry and agency to work out a final version of an administrative reform plan by Feb. 3.

At present, 92 government-sponsored "tokushu hojin" [special public] corporations exist in Japan, including 13 under MITI's jurisdiction. The entities were set up under special laws for specific purposes.

Hashimoto said recently there are no government bodies that are totally useless. MITI will evaluate possible merits and demerits from scrapping or privatization of such corporations, he said.

Agency To Conduct Inspection of Business Practices

OW2911020894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Nov 94 Evening Edition p 1

[FBIS Translated Text] The Management and Coordination Agency [MCA] has decided to conduct its first, unusual administrative inspection of a distribution structure in a bid to improve business practices peculiar to Japan, such as rebates and producer-set retail prices. Concluding that such closed-nature business practices make the distribution structure complicated and push up commodity prices, the agency decided to examine business practices with the aim of increasing the transparency and efficiency of the distribution market and narrowing price gaps between Japan and abroad. Also, to address strong U.S. criticism that such business practices are "virtually non-tariff barriers," the agency intends to bolster foreign access to Japanese markets through improvement of business practices and deregulation. It will conduct the inspection from January to March next year and advise relevant government offices, including the Ministry of International Trade and Industry [MITI], on improvement measures.

The planned inspection will be conducted from the viewpoint of "streamlining the distribution market." It will focus on three points: 1) Deregulation in the distribution market; 2) progress in efforts to raise the efficiency of the distribution system; and 3) the implementation of distribution improvement measures for

medium- and small-sized businesses. More precisely, it will examine business practices and give special focus to campaigns over the past decade to establish integrated commercial areas to be used as medium and small retailers' distribution bases, and to provide interest-free loans to retailers in accordance with the law on the integration of particular businesses.

There are two business practices the MCA considers to be problematic. They are the rebate system, and the system of producers setting retail prices. Under the rebate system, aside from usual transaction payments, a producer pays rebates to retailers and wholesalers according to mutual turnover.

Rebates are being used as a means to fix producerretailer relations known as keiretsu and shore up prices.
Also, the basis for paying rebates is not transparent.
Thus, the MCA thinks: "It is imperative to review this
complicated rebate system." Meanwhile, about 85 percent of Japanese home electronic appliances and car
makers set the suggested-price on their products as a
means to shore up prices. A senior MCA official said:
"The system creates a potential price cartel. It could
hinder competition and harm consumers' interests." He
thus suggested that the review of the system will be a
major task in the planned inspection.

The MCA has decided on the administrative inspection because price gaps between Japan and abroad are widening. Tokyo's price level in 1993 was 1.48 times higher than that in New York and 1.49 times higher than in London, an increase from the previous year's 1.31 times and 1.12 times, respectively. Also, Tokyo's average commodity price in 1993 was about 40-50 percent higher than those in major cities in the United States and European countries. (It was 10-30 percent higher in 1992.) The MCA asserted: "The cause lies in the nature of the Japanese distribution structure, which is not very efficient, and is exclusive compared to those in other countries." Thus, it stressed the need for drastically reviewing business practices peculiar to Japan to rectify high distribution costs.

The United States and other countries have complained that "Japan's complicated distribution structure is an obstacle to foreign entry into Japanese markets." The agency hopes to avert this criticism by improving business practices and increasing the transparency of business transactions.

Because the rebate system and the system of producers setting retail prices were developed almost spontaneously through private sector business transactions, the issue of reviewing them is not a matter for the government. However, the MCA explained that because it is possible for the government and the private sector to work together in improving the systems based on advice the MCA gives to MITI and other government offices, they can be subject to administrative inspection.

Management of Corporate Pension Funds Viewed 952A0144A Tokyo NIKKEI KINYU SHIMBUN in Japanese 7 Nov 94 p 18

[Article by the pension reporting editorial board of the Japan Bond Research Institute: "Corporate Pension Fund Front—Problems Emanate From Low Returns"]

[FBIS Translated Text]

Lessons To Be Learned From "Discretionary Funds"

Questions have begun to emerge about the discretionary management of corporate pension funds. The number of corporate pension funds seeking the approval of the Ministry of Health and Welfare [MHW] for discretionary management fell sharply in fiscal year 1994, making it probable that applications approved will fall below prior-year figures for the first time since the system was implemented in fiscal year 1990. The reason is that the funds have become cautious because of limited growth in investment results and the cloudy outlook for the stock and bond market. It is not a case that discretionary management has been abandoned as a means of improving the financial performance of funds, but there is no mistaking that the status of discretionary management is about to face a turning point.

Results Fall Far Below Record for Previous Fiscal Year

Discretionary management—which entrusts management of pension funds to investment advisory firms, independently managed trust pension funds handled by trust banks, and special secondary rider pension funds [dainitokuyaku] handled by life insurance companies—have increased assets managed annually, based on a selling point ensuring higher investment returns than were available with existing pension trusts and life insurance general accounts. However, funds approved for discretionary management between April and October 1994 totaled 29, a figure that barely exceeds the number of approvals issued for all of fiscal year 1990. The number of approvals will certainly fall far below the 125 funds which shifted to discretionary management in fiscal year 1993.

The slowdown in the number of funds shifting to discretionary management is based on the low rate of return. Revised overall returns, adjusted for market value, of assets for discretionary accounts in fiscal year 1993 was 4.89 percent for independently managed trust pension funds handled by trust banks, 5.0 percent for special secondary rider pension funds of life insurance companies, and 5.57 percent for investment advisory companies. On the other hand, trust bank annuity trusts earned 5.08 percent, signaling a sharp decline in the investment result differential of discretionary accounts, which was over 4 percent in fiscal year 1990.

Questionable High Returns

Among pension funds, the appeal of discretionary management, which features high risks and high returns,

seems to have receded when one listens to a managing director at a manufacturer-affiliated limited joint pension fund [tanren], who says, "It appears there is little difference in rate of return between past forms of pension fund management and discretionary accounts," and to a managing director at a service industry-affiliated joint [rengo] pension fund who says, "It is questionable whether we can realize high returns based on medium-and long-term investments in domestic stocks backed by an orderly recovery of the domestic economy."

Many pension funds are deferring discretionary management, and a managing director at a pension fund in Tokyo states, "We do not intend to shift to discretionary management in the foreseeable future."

On the other hand, expressions of self-examination concerning the decline in returns of discretionary accounts have been made by pension fund managers.

A sharp decline was suffered in the fiscal year 1993 asset value of a trust bank's independently managed trust pension fund for a regional bank-administered corporate pension fund. Not only did the overall returns fall below that of pension trusts, but real profits were recorded beyond actual needs while paper losses ballooned. This fund had not clearly conveyed its policy to emphasize overall returns and its poor record reflects excessive "reliance" on investment management firms.

General pension funds that use the nine investment advisory firms have sensed the need to remove themselves from excessive reliance on management firms, to specify asset allocation, and to actively involve themselves in funds management. In fiscal year 1996, the funds intend to use investment results of the past five years to determine asset allocations based on the strengths of individual investment advisers as a means to improve future investment results.

Another reason given for the slowdown in the discretionary management of funds in fiscal year 1994 is the delay in the approval of the Pension Reform Law and the attendant delay in abolishing the distinction between new money and old money, which had been scheduled for implementation in September.

Responses to Needs of Pension Funds

Now that the law was approved on 2 November, the previous restriction limiting funds that could be allocated to discretionary accounts to premium revenues accruing after approval by the MHW, will be expanded to one-third of the pension funds assets. Thus, investment management firms comment that there should be an increase in pension funds shifting to discretionary management in the future.

However, since pension funds carry sizable paper losses, there is the possibility that they will not alter their cautious stance, because a shift to discretionary accounts will translate into realized losses. An important key to recovery of appeal in the discretionary management process is whether investment management companies can offer investment products that are responsive to pension funds, which have begun a search for ways to engage in active management of investments.

Economic Planning Agency Role Examined 952A0746A Tokyo KANKAI in Japanese Oct 94 pp 84-89

[Article by KANKAI editorial staff: "Reason for Existence of Economic Planning Agency Questioned"]

[FBIS Translated Text] The Economic Planning Agency [EPA] has reached a critical stage. The reason is that the Japanese economy has finally begun to recover from the "Heisei recession" also known as the "complex recession" and "bubble recession." It is facing a difficult decision on timing the "declaration of economic recovery."

As signs of an economic recovery became visible in the beginning of spring last year, then-EPA Director General Hajime Funada issued a declaration of the virtual "bottoming of the economy," but the subsequent strong yen and unseasonable weather, including a cool summer and long rainy spell, caused the economy to decelerate once more and for the EPA to lose face. The mistake led to articles by weekly magazines referring to the "EPA as a white elephant" and assertions from private-sector economists about a "nonessential EPA." In the current cycle, corporate inventory adjustments have continued for another year and effects are being felt from comprehensive economic measures taken by the government in several stages, providing the potential that economic recovery has begun at a stronger pace than last year. However, having been burned by last year's mistake, the EPA is exercising extreme caution on assessments concerning the economic recovery. This has led to contrasting views on the Japanese economy between the EPA and the Bank of Japan [BOJ] which is attempting to make a positive assessment of economic recovery.

For starters, one reason the recent recession has been prolonged is because the EPA misjudged the timing of the economic recession, thus resulting in delays in the launching of government economic countermeasures. In actuality, rather than being a case of EPA misjudgment, the Ministry of Finance [MOF] which wanted to avoid taking fiscal measures pressured the EPA into refraining from making appropriate economic assessments, but even if that is the case, there is no way to avoid the impression by the public that the EPA erred in its judgment. This is why the EPA cannot afford to make a mistake in the issuance of the pending declaration of economic recovery.

Two issues exist on a medium- and long-term basis assuming economic recovery assessment is a near-term question.

One of the issues concerns a revision of the "10-year public works program" for 1991 to 2000 valued at 430 trillion yen and prepared during the May 1990 Japan-U.S. Structural Impediments Initiative talks. After that program was prepared, several government economic measures involved the use of public works investments resulting in the advance implementation of a considerable portion of the program and, according to EPA officials, "the easy attainment of program goals without any extraordinary effort." The situation is such that requests for expansion of domestic demand from countries like the United States require the preparation of new programs reflecting major additions to the overall investment totals.

The "social capital improvement research committee," a private research body of the EPA Planning Bureau director general, chaired by Tokyo Stock Exchange President Mitsuhide Yamaguchi, had made an informal decision to develop a new 10-year program calling for 600 trillion yen in spending beginning in fiscal year 1994, but it was canceled owing to the change in government. However, the strong domestic demand expansion requested by the likes of the United States would indicate that a similar program will be approved along the lines of the original one.

The second issue concerns the revision of the government midterm economic program, the "five-year plan to become a lifestyle superpower," compiled in June 1991. This was a plan prepared in response to the wishes of former Prime Minister Kiichi Miyazawa, who used the catchphrase "lifestyle superpower," but is susceptible to revisions in view of the change in prime minister from Morihiro Hosokawa to Hata to Tomiichi Murayama. Although Hosokawa, Hata, and Murayama do not use the term "lifestyle superpower," they advocate "emphasis on consumer interests" and are substantially in agreement with similar policies.

The foremost reason for reviewing the program rests with the real economic growth rate. The program visualized average annual real growth rates for the five-year period of 3.5 percent, but actual rates slowed substantially to 0.8 percent in fiscal year 1992 and 0.03 percent in fiscal year 1993. The EPA says, "A growth rate averaging 3.5 percent for the five-year period is impossible, but balanced growth is possible for fiscal years 1995 and 1996," and insists there is no need for program revisions at this stage. However, there is no doubt that they will be forced to make revisions in the not too distant future.

The EPA does not exercise budget assessment authority over other ministries and agencies like the MOF and does not provide guidance and supervision like the MITI. It is a coordinating agency which performs coordinating, research, and planning functions, but is very limited in direct and specific authority. Because of such limitations, it is often sarcastically called "the EPA with neither money nor power," "house of court nobles,"

"group of government economists," and "would-be scholars." The EPA is, in reality, limited to a small staff of about 500 with a budget for fiscal year 1994 of 12.9 billion yen—or 55.7 billion yen, including grant funds for the Overseas Economic Cooperation Fund.

However, inasmuch as it is a coordinating agency, the situation changes substantially depending on how much coordinating talent is exercised by the EPA, when it compiles integrated economic plans with intermingling agency interests or when it prepares the yearly government economic forecast. Ever since the end of the Liberal Democratic Party [LDP] single-party administration in August 1993 and the collapse of the 1955 system, the controversial unusually dominant role played by the MOF as "the government agency among government agencies" has inspired the hope that the EPA will play a counteracting role.

Will Priority Continue To Be Given to Vice Minister Appointments Favoring EPA Career Personnel?

The EPA was originally a "branch" of MITI. Subsequently, the MOF gradually exercised its influence and the EPA became a "joint venture subsidiary" of MITI and MOF. The predecessor Cabinet Planning Board which administered the wartime economy under the prewar and wartime National Mobilization Law and the Economic Stabilization Headquarters in charge of food and materiel distribution designed to rebuild the Japanese economy from the ruins of the postwar period were staffed by many employees of the former Ministry of Commerce and Industry (current MITI). Even after it was reorganized into the Economic Counseling Agency in 1952 and renamed the EPA in 1955, MITI continued to assign vice chiefs and vice ministers to and exercised strong influence over the EPA. On the other hand, the MOF, as the strongest agency, designated the agency chief secretary to counterbalance MITI influence.

Further, the MOF advocated "the designation of a vice minister from former MOF employees who later became career EPA employees," linked up with former MOF employees who later became career EPA employees, and beginning in 1969 "treated as a member of the EPA career group," Yoshio Kano (hired by MOF in 1946, School of Engineering of Tokyo University) formerly of the MOF and groomed him to be administrative vice minister. That move destroyed MITI monopoly over the vice minister position. Subsequently, appointments to that key position in the EPA became a three-way competition between MOF and MITI personnel and those designated as EPA careerists. The MOF controlled appointments to the chief secretary position and one bureau director general post, while MITI controlled appointments to the Bank of Japan Policy Committee member and one bureau director general post. Additionally, a career EPA employee competes for the vice minister post.

There is a reason why two of the most powerful agencies of Kasumigaseki comprised of the MOF and MITI are

tenacious in their competition for top-level positions in the EPA. The reason is that each would like to strongly project its ideas in the integrated economic program compiled by the EPA. It becomes easier to promote future policy positions of one's own ministry if the frequent government integrated economic measures, revisions of the "10-year public works program," the government's midterm economic program prepared at several-year intervals, and the "government economic forecast" prepared each fiscal year at budget compilation time are organized so that their contents approximate the positions advocated by one's own ministry.

Of special note is that a clear confrontation takes shape between the two ministries concerning the real economic growth rate in the process of work done in preparing the government's economic forecast and the midterm economic program. MITI presents a higher growth rate, the MOF presents figures that are lower, and the EPA always designates a figure that falls in between the two figures.

MITI advocates a higher growth rate with a view towards stimulating and encouraging growth of the capital investment goals of industry which MITI believes comes under its aegis. On the other hand, the MOF always advocates a lower growth rate, because estimates of high growth rates require higher tax revenues from a budgetary standpoint and higher pressure for spending increases accompanied by political wrangling for increased budgets. If higher revenues are not realized despite higher tax revenue estimates, revenue shortfalls are created, and the government is forced to issue deficit bonds, a situation it fell into in fiscal year 1994.

However, when the government economic forecasts for fiscal years 1993 and 1994 were compiled, circumstances differed somewhat from the normal situation. MITI advocated higher figures as usual, but even the MOF advocated higher growth rates, and both clashed with the lower figures presented by the EPA. Specifically, for fiscal year 1993, MITI and the MOF advocated 3.5 percent and the EPA called for a rate in the lower 3-percent range, and the final decision called for 3.3 percent. For fiscal year 1994 economic forecast, MITI and MOF advocated a rate in the higher range of 2 percent, and the EPA called for a rate which was barely 2 percent. The rate was subsequently set at 2.4 percent.

The question is why did the MOF, which always advocated a lower rate, call for a higher growth rate which equalled that of MITI for two straight years? The reason was that a low growth rate would result in lower estimates of tax revenues and the requirement for repeated or increased issuances of deficit bonds as part of the initial budget estimates. The MOF makes attempts to manipulate economic forecasts by giving priority to MOF interests based on truly self-centered logic which is known as "fiscal logic."

The government economic forecast which disregarded economic reality was severely criticized by an "internal source" (accurately stated, by a former internal source).

Former EPA Director General Yoshio Terasawa, who left office after only serving two months at the end of June because of a change in government, at a seminar of the Social Economic Productivity Headquarters in Karuizawa in July said critically, "The 2.4-percent figure is a phantom figure that no one trusts." It would have been more proper if he had expressed opposition to bureaucratic pressure while in office, and there is the impression that making such an attack after leaving office smacks of impropriety, but the criticism is warranted.

The EPA is still being manipulated by MOF and MITI goals in such a manner in the area of policy management, but a trend is solidifying in which appointments to the vice minister position are gradually being made on a priority basis from the EPA career group. Between July 1982 and June 1986, MITI alumni won three consecutive appointments to the vice minister position, followed by an MOF alumni appointment as vice minister until June 1987, and succeeded by three consecutive vice minister appointments from the EPA careerist group. Subsequently an MOF alumni served as a vice minister, but he was followed by Vice Minister Tanaka who is now serving from the EPA careerist group. The EPA, which in the past had been made up of a "motley group," now possesses EPA careerist resources, which means that the future will see more top-level appointments from EPA careerist groups with occasional appointments made from MOF and MITI sources.

If the MOF and MITI cannot make direct appointments to the vice minister position in EPA, it will have to send comparatively superior personnel to the EPA at an early stage so that they can become EPA careerist top-level personnel.

The EPA is caught between two large powerful agencies, but if the day comes when a powerful politician is appointed as its director general it will join the ranks of powerful agencies. The importance of EPA was stressed by former Prime Minister Yukio Fukuda who was deputy prime minister and EPA director general in the Miki cabinet days; by former Prime Minister Kiichi Miyazawa who served as EPA director general on three occasions with the second Ikeda, the first Sato, and the Fukuda cabinets: and former Minister of International Trade and Industry Toshio Komoto who served as EPA director general with a status equivalent to deputy prime minister in the Suzuki and second Nakasone cabinets. However, since Komoto's tour with the EPA, no powerful politician of the LDP faction leader class has served as EPA director general, leaving it in a state of limbo.

Ministers and Parliamentary Vice Ministers

Inauguration of the LDP, Social Democratic Party of Japan [SDPJ], Sakigake [Harbinger] coalition cabinet at the end of June 1994 brought with it the appointment of Masahiko Takamura (2d district of Yamaguchi-ken; Komoto faction; serving fifth term) as EPA director general. He was the only cabinet appointee from the

minor Komoto faction and it is his first appointment to a cabinet position. His appointment was made in recognition of achievements recorded as investigator of former Prime Minister Hosokawa's financial scandals, a task he was appointed to after being recognized for his experience as an attorney and special recognition for his work in summoning former Prime Minister Hosokawa's former secretary for Diet questioning. However, his attorney-like, logic-based speeches are persuasive, he speaks eloquently at ministerial press interviews, and his impressive ministerial comportment are highly regarded within the EPA.

He graduated from the Law School of Chuo University in 1965, passed the national bar examination in October 1965, registered as an attorney, and initiated activities as an attorney in 1968. He inherited the political base of his father Sakahiko who was elected to the House of Representatives after serving four terms or over 15 years as mayor of Tokuyama-shi and was initially elected to the House of Representatives in June 1980 and has since been consecutively reelected. Holding the rank of 4th class, he is a dedicated follower of the Shorinji martial arts school to the extent that he is referred to as "having been registered at Chuo University but attended classes at Shorinji."

Having served as parliamentary vice minister of defense and LDP Political Affairs Research Committee Defense Subcommittee chairman, he is considered to be a "defense zoku." Significant confidence is held in him by senior defense zoku members such as LDP Political Affairs Research Committee Chairman Koichi Kato and former Minister of Construction Taku Yamazaki. He serves as general affairs Bureau director general of the "Shinseiki Group" led by Political Affairs Research Committee Chairperson Kato and is referred to as the standard bearer for the generation that will succeed the YKK [Taku Yamazaki, Junichiro Koizumi, Koichi Kato] trio. However, his capabilities as economic cabinet specialist is unknown which means he will have to prove himself in this respect.

Parliamentary Vice Minister Hiroyuki Hosoda (Shimane prefecture-wide electoral district, Mitsuzuka faction, serving second term). He is a former elite bureaucrat who was employed by MITI after graduating from the Tokyo University Law School in 1967. He is the eldest son of former House of Representatives member Kichizo Hosoda, making him a second generation Diet member. He resigned from MITI in 1985 after serving as head of the Price Policy Division, became his father's secretary, ran as a candidate and was elected in the 1990 House of Representatives election and was reelected in the election of July 1993. He is expected to make use of his bureaucratic experience and perform as a "policy expert."

Administrative Vice Minister, Councilor, and BOJ Policy Committee Member

Administrative Vice Minister Tsutomu Tanaka (hired by EPA in 1959, graduated School of Law and Economics

of Toritsu University) is the top EPA administrative appointee. In the personnel changes made in June of last year was appointed as vice minister as part of the trend to give preference in vice minister appointments to career EPA employees and is now serving his second year in the position. The administrative vice ministers of the MOF and MITI which are considered "major interest holders" in the EPA have retained their vice ministers for a second year and the EPA has followed their footsteps in this respect.

His trademark is a spectacular mustache and he is known as "mustachioed Tanaka." He became vice minister after climbing up the ladder as EPA Coordination Bureau Industrial Economics Affairs Division chief, Environment Agency Director General's Secretariat International Division chief, EPA Coordination Bureau First International Economic Affairs Division chief, Coordination Bureau Coordination Division chief, EPA Economic Research Institute deputy chief, EPA Coordination Bureau councillor, EPA Planning Bureau councillor, EPA Research Bureau director general, EPA Price Bureau director general, and economic planning councillor. During his younger days, he served two tours with the Organization for Economic Cooperative Development (OECD) in Paris for a total of eight years and qualifies as an international expert.

His hobbies include visits to the batting cages to engage in a strenuous session of batting to dissipate stress. He'll be watched closely to see if he can hit some home runs on projects such as economic forecasts and revision of public works capital investment programs. He is a native of Tokyo.

The number-two administrative appointee is Economic Planning Councilor Masashi Kato (hired by EPA in 1962, graduate of School of Economics of Tokyo University). The English translation of this position is "vice minister for international economic affairs," which, when converted back to Japanese is "vice minister in charge of international affairs." The position is of vice ministerial rank similar to an MOF finance officer or MITI trade councilor and the incumbent attends meetings with foreign vice ministers as the representative of the EPA. He is referred to as "agency councilor" or "EPA councilor" to distinguish him from lower-ranking councilors assigned to the bureaus and who are positioned between the bureau director generals and the division chiefs.

He trod an elite course, including Research Bureau Overseas Research Division chief, Research Bureau First Domestic Research Division chief, Director General's Secretariat Secretarial Division chief, Research Bureau councilor, and Social Policy Bureau director general, before being appointed to his current position in January 1994. He authored the "Economic White Paper" three times during his tour as the First Domestic Research Division chief from 1985 to 1987. He recalls that he "stressed the 'effects on trade' of the strong yen

and observes that his prediction were right on target." He served as Social Policy Bureau director general for three and a half years, but this was because he was considered "irreplaceable" as project officer for the Product Liability Law. He departed from that assignment when he reached the point where passage of the law was assured. He is one member of those employed in 1962 who is considered a candidate for vice minister.

Masahiro Maeda (hired by MITI in 1966, graduate of School of Economics of Tokyo University) is the EPA representative to the BOJ Policy Committee. This post is always filled by an individual on loan from MITI. Accordingly, he is, in reality, a representative of MITI and at the weekly Tuesday and Friday BOJ Policy Committee meeting expresses views representing MITI and the industrial world. He is expected to resist hikes in interest rates and favor monetary relaxation.

He served in positions such as Toyama Bureau of International Trade and Industry Labor Department chief, MITI International Trade Administration Bureau Foreign Exchange and Trade Finance Division chief, MITI Industrial Policy Bureau Industrial Structure Division chief, EPA Director General's Secretariat Planning Division chief, Ibaragi Prefecture vice governor, and MITI International Trade Policy Bureau deputy director general, before appointment to his current position. He had served two tours on loan to the EPA prior to becoming Planning Division chief, thus accumulating extensive prior experience with the agency.

The EPA structure includes the Director General's Secretariat and five bureaus, including the Coordination Bureau, Social Policy Bureau, Price Bureau, Planning Bureau, and Research Bureau as well as the Economic Research Institute as a facility or attached agency reporting to the director general and the administrative vice minister.

Heading the list of bureaus is the Coordination Bureau, which literally portrays EPA's role as a coordinating agency and which prepares annual government economic forecasts and special and emergency integrated economic plans which cross more than one ministry or agency. The Social Policy Bureau handles consumer administration, while the Price Bureau which was spun off from the Social Policy Bureau in 1973 handles price stabilization. The Planning Bureau handles the preparation of medium- and long-term economic programs such as the "five-year plan to become a lifestyle superpower" and the "10-year public works program." The Research Bureau prepares the annual "Economic White Paper" and analyzes the domestic and international economic situation. The Economic Research Institute compiles annual and quarterly gross domestic product (GDP) statistics and handles basic economic analyses.

Director General's Secretariat

This office handles overall coordination between EPA bureaus, personnel, accounting, budget, and public

affairs, in a manner similar to secretariats at other ministries and agencies. In a private-sector firm, it would be the equivalent of a presidential office and planning department.

The EPA Director General's Secretariat is in charge of Yoji Wakui (hired by the MOF in 1964, School of Law of Tokyo University). The chief of the Director General's Secretariat has always been filled by an MOF employee on loan to the EPA, representing one wing of MOF's "control of Kasumigaseki." That being the case, the appointee to the position is the leading deputy director general veteran of the Budget Bureau, which is the "most powerful bureau of the most powerful government agency," and is a potential candidate for MOF administrative vice minister. Wakui is a future candidate for the positions of Budget Bureau director general and vice minister.

He served in Budget Bureau elite positions including Budget Bureau budget planning officer; Budget Bureau budget officer in charge of construction, public works projects, and planning; and Budget Bureau Coordination Division chief, before serving as the prime minister's secretary, returning to the Budget Bureau and serving as junior, assistant, and deputy director general. Among those who were employed by the MOF in 1964, rivals include Financial Bureau Director General Koji Tanami.

Personnel matters are in charge of Secretarial Division chief Yuzo Kobayashi (hired by EPA in 1969, School of Economics of Tokyo University). He is a frank character unlike the elite and is known in the EPA by the nickname of "Kobayu." He was appointed to his current position after serving as secretary to the EPA director general, as a member of the Coordination Bureau, the Second International Economic Affairs Division chief, Price Bureau Price Coordination Division chief, and as National Land Agency Planning and Coordination Bureau Planning Division chief which is an "elite post for personnel placed on loan."

The Accounts and Budget Division which handles budget, accounts settlements, agency administrative matters, and employee welfare is in charge of Hajimu Hori (hired by EPA in 1970, School of Economics of Tokyo University). He was appointed to his current position after serving in post such as Planning Bureau planning officer in charge of labor and manpower skills, Coordination Bureau Second International Economic Affairs Division chief, and National Land Agency Regional Development Bureau Remote Islands Development Division chief.

Overall coordination, Diet countermeasures, and public affairs for the EPA is handled by Policy Division Chief Hideo Tajima (hired by MITI in 1970, School of Economics of Tokyo University). Just like the position of Director General's Secretariat chief is filled by an employee on loan from the MOF, this post is always filled by an individual on loan from MITI. He was

appointed to this position after serving in posts such as EPA Director General's Secretariat councillor, MITI International Trade Policy Bureau Consumer Affairs Division chief, Small and Medium Enterprise Agency Planning Department Planning Division chief, Agency of Natural Resources and Energy Public Utilities Department Planning Division chief. High hopes are placed on his performance after he returns to MITI. The Public Affairs Section comes under the Planning Division and section chief Hideyuki Suzuki (hired by EPA in 1976, School of Economics of Nagoya University) was appointed to the position after serving as Japan Consumer Information Center General Affairs Division Planning and Coordination section chief and Thai Government Long-Term Economic Development Planning specialist.

Computer information system maintenance and operation for EPA is handled by Data System and Network Division chief Yoshinori Terui (hired by EPA in 1971, School of Economics of Tohoku University). He was appointed to this position after serving in posts such as Thai Government Long-Term Economic Development planning specialist and National Land Agency Planning and Coordination Bureau planning officer.

Coordination Bureau

The director general of the Coordination Bureau, which is said to be the linchpin and raison d'etre of the EPA, is Makoto Kobayashi (hired by MITI in 1961, School of Law of Tokyo University). Traditionally, assignments to this position are rotated between EPA career employees and those who came from MITI. Kobayashi demonstrated sound capabilities in preparing government integrated economic measures and the government economic forecast. After serving as MITI Industrial Policy Bureau Price Policy Division chief, Agency of Natural Resources and Energy Director General's Secretariat Councilor, Industrial Technology Institute General Affairs Department Personnel Division chief, Agency of Natural Resources and Energy Petroleum Department Planning Division, he made several moves between MITI and EPA and became a semi-career EPA employee. Such assignments included EPA Director General's Secretariat Planning Division chief, Small and Medium Enterprise Agency Planning Department chief, EPA Price Bureau councilor, Kanto International Industry and Trade Bureau director general, and EPA representative to the BOJ Policy Committee. Subsequent appointments included Research Bureau director general, Price Bureau director general, and the current assignment, covering key posts in the EPA.

MITI, which once controlled the EPA, has not provided an EPA vice minister for the eight years since June 1986. Rumors had circulated that Kobayashi would replace Vice Minister Tanaka as part of the July 1994 personnel moves, but the overall trend towards retaining current incumbents in vice minister positions in Kasumigaseki circles resulted in Tanaka staying as vice minister and a

delay in Kobayashi's promotion. However, it is rumored that Kobayashi will become vice minister during next year's personnel shuffle resulting in the appointment of a MITI career official to the EPA position for the first time in nine years.

Assisting the bureau director general is Councilor Yoichi Okita (hired by EPA in 1966, School of Economics of Tokyo University). He is the son of former Foreign Minister and the late Saburo Okita. He was appointed to his current position after serving as Price Bureau Price Research Division chief, Research Bureau Overseas Research Division chief, National Institute for Research Advancement (NIRA) Research and Planning Department chief, Research Bureau First Domestic Research Division chief, National Land Agency Regional Development Bureau councilor, and Economic Research Institute deputy chief. He was in charge of compiling the "Economic White Paper in 1990 and 1991, while his father prepared the white paper for four consecutive years from 1948, making both father and son writers of the white paper over two generations. He has an established reputation as an economist with elaborate analytical skills. Much hope is placed in his performance as a government official of the Research Bureau.

The second councilor in the Research Bureau is Takafumi Kaneko (hired by the EPA in 1986, School of Economics of Yokohama National University). He was appointed to his current position after serving in posts such as Economic Research Institute senior researcher, Japanese Embassy in Washington councillor, Coordination Bureau First International Economic Affairs Division chief, and Director General's Secretariat Accounts and Budget Division. He is in charge of handling measures to cope with grievances concerning market opening issues which involve the interests of the various ministries and agencies, and in May of this year he demonstrated his skills in compiling deregulation measures concerning market opening actions.

The Coordination Division chief which is the leading division chief of the Coordination Bureau is Makoto Nomura (hired by EPA in 1970, School of Economics of Hitotsubashi University). He is responsible for providing on-the-scene supervision over policy coordination among influential agencies of Kasumigaseki such as the MOF and MITI in the preparation of government economic measures and government economic forecasts. He was appointed to his current position after serving in posts such as Coordination Bureau market-opening issue grievance disposition action officer, Price Bureau price coordination section chief, National Land Agency Planning and Coordination Bureau planning officer, Coordination Bureau Second International Economic Affairs Division chief, NIRA Research and Planning Department chief, and MITI Industrial Policy Bureau International Business Affairs Division chief.

Overall coordination of industrial economic policy is handled by Industrial Economic Affairs Division chief Takaaki Yoshida (hired by MITI in 1974, School of Law of Tokyo University). At one time this position was filled by EPA career employees, but now the position is traditionally filled by personnel on loan from MITI. He was appointed to his current position after serving in posts such as Japanese Embassy in Korea councillor and MITI Machinery and Information Industries Bureau Electrical and Consumer Electronics Division chief.

The chief of the First International Economic Affairs Division who handles trade, international balance of payments, and foreign exchange is Hiromi Kato (hired by the EPA in 1974, School of Economics of Tokyo University). He was appointed to his current position after serving in posts such as Economic Research Institute senior researcher. Second International Economic Affairs Division chief Takafumi Tanaka (hired by EPA in 1976, School of Engineering and graduate school of Tokyo University) was appointed to that position after serving in posts such as Planning Division research officer.

The Fiscal and Monetary Affairs Division chief who handles the overall coordination of fiscal and monetary affairs is Hiroshi Tsukada (hired by MOF in 1972, School of Economics of Tokyo University). It is a position filled by personnel on loan from the MOF. He was appointed to his current position after serving in posts such as the cabinet councillor and MOF Institute of Fiscal and Monetary Policy Research Department chief.

The chief of the First Economic Cooperation Division is Yoshiro Nakajo (hired by the EPA in 1973, School of Economics of Tokyo University). He was appointed to his current position after serving in posts such as Director General's Secretariat Public Affairs Section chief, Price Bureau Price Coordination Division chief, and OECD Japan Representative's Office councilor. The chief of the Second Economic Cooperation Division is Susumu Sanbonmatsu (hired by MITI in 1975, School of Economics of Tokyo University). He was appointed to his current position after serving in posts such as MITI Kyushu International Trade and Industry Bureau General Affairs and Planning Department General Affairs Division chief, Japan External Trade Organization (JETRO) Planning Department Planning Division chief, MITI Minister's Secretariat Information Processing Administration Division chief.

Social Policy Bureau

The Social Policy Bureau is a young bureau established in June 1972 to handle consumer administration. The objective of creating the bureau was to correct distortions in social progress accompanying the high economic growth trends, was first conceived by the Ikeda administration, and then accelerated by the Sato administration. The "five-year plan to become a lifestyle superpower" prepared during the Miyazawa administration days launched a conversion from emphasis of producer interests to emphasis of consumer interests and subsequent Hosokawa, Hata, and Murayama cabinets have

not changed that posture, placing importance on the role of the Social Policy Bureau. The pending Public Liability Law was approved right at the end of the Diet session in June, marking a major accomplishment, but leaving the work of implementing the law.

The bureau director general is Michisato Sakamoto (hired by the MOF in 1964, School of Law of Tokyo University). His name is "Michisato" but he is commonly known as "Doso." His glaring eyes, dark complexion, and tenacious administrative style have prompted the monicker "Doso the Viper." He transferred to EPA as potential future candidate for vice minister after serving in positions such as MOF Budget Bureau Mutual Assistance Insurance Division chief, Financial Bureau Government Debt Division chief, Financial Bureau Coordination Division chief, National Tax Administration Agency Tariff Department chief, National Tax Administration Agency Direct Tax Department chief, and National Tax Administration Agency Taxation Department chief.

Sakamoto became Social Policy Bureau director general in January of this year, after serving as Planning Bureau councillor and Price Bureau director general. He was entrusted with the "difficult task" of negotiating Diet passage of the Public Liability Law, which was initiated by his predecessor former Social Policy Director General Kato. He performed as expected in demonstrating his talents as a "viper," energetically handled coordination with other ministries and agencies as well as with opposition and ruling parties, and succeeded in realizing passage of the legislation, despite one-time rumors that "passage during the last regular session of the Diet would be difficult." Such performance provided strong endorsement for ranking Sakamoto as a vice ministerial candidate along with Research Bureau Director General Toshida an EPA careerist employed in 1964. His hobby and health maintenance program includes taking a walk armed with a pedometer.

Assisting the director general of the bureau is councilor Takafusa Shioya (hired by EPA in 1966, School of Law of Tokyo University). He was placed on loan to the Environment Agency and the National Land Agency when they were established, JETRO's New York office, and MITI, and has a superior sense of balance. He was appointed to his current position after serving in posts such as Price Bureau Price Coordination Division chief, MITI Industrial Policy Bureau Commerce Policy Division chief, EPA Coordination Bureau Coordination Division chief, Director General's Secretariat Secretarial Division chief, and Research Bureau councilor. During his service as Coordination Division chief, he skillfully coordinated differences between the MOF and MITI, demonstrated his skills as a government official, and used his experience to coordinate the Public Liability Law legislative tasks with other ministries and agencies.

Heading the list of division chiefs is Social Policy Division chief Masataka Hirano (hired by EPA in 1969,

Graduate School of Science of Chikuba University formerly known as Tokyo Educational College). He was appointed to his current position after serving in posts such as Director General's Secretariat councilor, Research Bureau Second Domestic Research Division chief, and Social Policy Bureau First Consumers' Affairs Division chief. During his days as First Consumers' Affairs Division chief he was directly in charge of tasks concerning Public Liability Law legislation and after being appointed to his current position, he mobilized the bureau as a whole in working on the passage of the law.

The chief of the First Consumers' Affairs Division which handles matters associated with consumer protection is Yoshio Ezaki (hired by EPA in 1971, School of Economics of Kyoto University). He was appointed to the position after serving in posts such as Economic Research Institute Personal Income Department Personal Spending Division chief and Director General's Secretariat councilor. Second Consumers' Affairs Division chief Izumi Nakafuji (hired by EPA in 1976, School of Economics of Hitotsubashi University) was appointed to that position after serving in posts such as Director General's Secretariat Public Affairs Section.

The chief of the Social Research Division which handles the "Social Policy White Paper" is Makoto Kondo (hired by EPA in 1972, School of Economics of Kyoto University). He was appointed to the position after serving in posts such as Planning Bureau planning officer in charge of quantitative analysis. He will be in charge of the white paper for the second time following last year, but we would like for it to clarify how the current administration will implement its policy of "emphasizing consumer affairs."

Price Bureau

This bureau is the youngest of bureaus having been spun off from the Social Policy Bureau in June 1973 and charged with price stability which is its most important function. We are witnessing the progress of "price destruction" and "price revolution" which bring about lower prices, but we also face the stubborn issue of domestic and foreign price differentials. Further, the "watchdog for prices" faces many issues including the shift from the Hata cabinets freezing of public utility rates through the current calendar year to quick decisions calling for rate hikes beginning early next year.

The bureau director general is Koichi Tani (hired by EPA in 1965, School of Economics of Tokyo University). His trademark is a prominent goatee which he sports as if to compete with vice minister Tanaka. His features are somewhat detached from that of the common Japanese and he is jokingly rumored to be "descendant of the Russians."

He was appointed to the position in January 1994 after serving in posts such as Coordination Bureau First International Economic Affairs Division chief, Coordination Bureau Coordination Division chief, MOF Hokuriku Local Finance Bureau director general, EPA Coordination Bureau councilor, Price Bureau councilor, and Planning Bureau councilor. He was the first of the employees hired in 1965 to be appointed as a bureau director general and can be considered a future candidate for vice minister.

There are three councilors, but among them Yoichi Takemoto performs the additional duties of Planning Bureau councilor, so we will introduce the other two at this point. Tsugio Ide (hired by MITI in 1967, School of Economics of Tokyo University) is on loan from MITI. His name is read as "Tsugio." He is the second son of former Chief Cabinet Secretary Kazutaro Ide and the younger brother of Minister of Health and Welfare Masakazu Ide. He was appointed to his present position after serving in posts such as OECD Japan Representative's Office first secretary in Paris, MITI Industrial Policy Bureau Research Division chief, MITI Basic Industries Bureau General Affairs Division chief, EPA Director General's Secretariat Planning Division chief, and Small and Medium Enterprise Agency Small Enterprise Department chief.

The other councilor is Takashi Nakanomyo (hired by EPA in 1967, School of Economics of Tokyo University). He was appointed to his current position after treading an elite government official's career as Director General's secretary, Price Bureau Price Coordination Division chief, MITI Industrial Policy Bureau Commerce Policy Division chief, and EPA Coordination Bureau Coordination Division chief as well as Economic Research Institute supervisory senior researcher and NIRA General Affairs Division chief. He is an outstanding member of the EPA careerist group that was hired by EPA in 1967.

The chief of the Price Policy Division which is the lead division of the bureau and which is in charge of the overall coordination of price policy is Yuko Ishida (hired by the EPA in 1970, School of Economics of Tokyo University). This post was once filled by personnel on loan from the MOF, but Ishida is the third appointee from among career EPA employees. He was appointed to the position in July after serving in posts such as Fair Trade Commission Administrative Bureau Economic Department Research Division chief, Planning Bureau planning officer in charge of prices, Environment Agency Nature Conservation Bureau Planning and Coordination Division chief, and EPA Social Policy Bureau First Consumers' Affairs Division chief. He was involved with the development of the Public Liability Law when he served as First Consumers' Affairs Division chief.

The chief of the Price Coordination Division which is responsible for revision of public utility rates for electric, gas, telephone, and freeway toll charges is Hiroshi Hamano (hired by EPA in 1974, School of Economics of Tokyo University). The division is busy when public utility rates become controversial as they are today.

Price Research Division chief Kaoru Yoshikawa (hired by EPA in 1972, School of Economics of Kyoto University), who is in charge of price surveys, was appointed to that position after serving in posts such as Economic Research Institute Personal Income Division Personal Economic Calculation and Survey Section chief, Rengo General Social Development Center senior researcher, and Research Bureau First Domestic Research Division chief.

Planning Bureau

While the Coordination Bureau handles short-term economic policy, the Planning Bureau handles medium-term economic programs. For the near term, it will be involved with the "10-year public works program," but they will soon be working on the revision of the government's midterm economic program, the "five-year plan to become a lifestyle superpower."

The bureau director general is Atsushi Yoshikawa (hired by EPA in 1962, School of Economics, Osaka University). He was appointed to that position after serving in posts such as Environment Agency Director General's Secretariat International Division chief, EPA Coordination Bureau First International Economic Affairs Division, Coordination Bureau Coordination Division chief, Coordination Bureau councilor, and Economic Research Institute chief. In 1978, he dealt with market opening measures as assistant to Minister of State for External Economic Affairs Nobuhiko Ushiba and prepared a number of economic measures during the yen's advance in value after the Plaza Accord of September 1985. He is one of the outstanding performers among the group hired in 1962.

Serving as councilor is Yoichi Kojima (hired by EPA in 1967, School of Liberal Arts, Tokyo University). He was appointed to the position after serving in posts such as Coordination Bureau First Economic Cooperation Division chief, Research Bureau First Domestic Research Division chief, Economic Research Institute supervisory senior researcher, and Economic Research Institute deputy chief.

The other councilor, Yoichi Takemoto (hired by the Ministry of Agriculture, Forestry, and Fisheries [MAFF] in 1966, School of Agriculture, Kagoshima University), is on loan from MAFF. He was appointed to the position after serving in posts such as EPA Director General's Secretariat councilor, MAFF Food and Marketing Bureau Groceries, Oils, and Fats Division chief, and MAFF Minister's Secretariat Research Division chief.

Yoji Takahashi (hired by MOF in 1970, School of Economics, Hitotsubashi University) is the sole division chief as chief of the Planning Division. He was appointed to the position after serving in posts such as Fair Trade Commission Administrative Bureau Secretariat Planning Division chief, MOF Financial Bureau Treasury Division chief, and Securities and Exchange

Surveillance Commission Administrative Bureau Special Research Division chief.

This post has always been filled by an official on loan from the MOF and has served as a beachhead for reflecting MOF views in the midterm economic programs.

The only division is the Planning Division, which is composed of 10 planning officers in charge of international economic relations; general industry; agriculture, forestry, and fishery industries; labor resources and skills; fiscal and monetary affairs; social capital; social policy; regional economics; prices; and general quantitative analysis; and one electrical power development officer. Each of the 11 officers is of a rank equal to division chiefs in other bureaus and they are supported by similar staffing.

Research Bureau

This bureau is engaged in a variety of research work in connection with issuances such as the annual summer publication called the "Economic White Paper," the monthly government economic assessment called the "Monthly Economic Report," and the annual "Global Economic White Paper." It is the most well known of government offices among the public and can be referred to as the signboard for the EPA.

Bureau Director General Seiichi Toshida (hired by EPA in 1964, School of Economics, Tokyo University) is known as an international bureaucratic economist who has published Japanese translations of books such as Reaganomics and A President's Economics. He was appointed to the position after serving in elite posts such as EPA director general's secretary, Japanese Embassy in Washington councilor, Coordination Bureau First International Economic Affairs Division chief, Research Bureau First Domestic Research Division Chief, Director General's Secretariat Secretarial Division chief, and Coordination Bureau councilor. As First Domestic Research Division chief, he authored the "Economic White Paper" twice and demonstrated his extensive knowledge of the domestic economy.

Assisting the bureau director general is councilor Ichiro Shirakawa (hired by the EPA in 1968, Graduate School of Economics, Keio University). After serving in positions such as Coordination Bureau Second International Economic Affairs Division chief and Research Bureau Business Statistics Research Division chief, he became the first career EPA official to become Price Bureau Price Policy Division chief, a position until then was always filled by an official on loan from MOF. He then served as MITI Small and Medium Enterprise Agency Guidance Department chief before assuming his current duties.

The lead division chief who handles the "Economic White Paper" is First Domestic Research Division Chief

Akira Sadahiro (hired by EPA in 1971, School of Political and Economic Sciences, Waseda University, and Graduate School of Economics, Osaka University). He was appointed to the position in August 1994, after serving in posts such as Economic Research Institute senior researcher, Overseas Economic Cooperation Fund Second Research Division chief, Kyoto University School of Economics assistant professor, Economic Research Institute Exchange Department chief, Research Bureau Overseas Research Division chief, and Coordination Bureau First Economic Cooperation Division chief. He is referred to as "doctor" or "professor" because of his extensive knowledge of economics and is an outstanding EPA staff scholar. His project for next summer will involve the compilation of a white paper which is readily understandable and persuasive to the man on the street.

Further, Sadahiro's predecessor as First Domestic Research Division chief Takao Komine (hired by EPA in 1969, School of Economics of Tokyo University) is temporarily assigned to the Director General's Secretariat awaiting his next assignment. Komine compiled the white paper twice. The first edition was the first time that a government document garnered attention because of self-criticism for the "bubble." The second edition of the white paper, handled by him and published in July of this year, summarized the recent "Heisei recession" in easy-to-understand language.

The First Domestic Research Division chief's position (formerly the Domestic Research Division chief and Research Division chief position) is known as a "key bureaucratic economist" position whose incumbents later became important government officials. They have included the late Saburo Okita; the late Yonosuke Goto who compiled the white paper a total of six times including the 1956 edition famous for the noteworthy remark, "It is no longer the postwar era;" Japan Economic Research Center Chairman Hisao Kanamori; Daiwa Research Center President Isamu Miyazaki; the late former chief of the Rengo General Lifestyle Development Center Takao Sasaki; Rengo General Lifestyle Development Center Chief Takeo Takahashi; Keio University Professor Takao Akabane, and Nikkeiren [Japan Federation of Employer's Association] adviser Yasuo Katsumura, all prominent individuals.

The chief of the Second Domestic Research Division which analyzes domestic economic trends by industry and by region is Kenichi Nakamura (hired by EPA 1974, School of Economics of Saitama University). He was appointed to the position after serving in posts such as Economic Research Institute senior researcher and Social Policy Bureau researcher. The chief of the Overseas Research Division which is in charge of researching and analyzing foreign economic trends and compiling the "Global Economic White Paper" is Mitsuru Taniuchi (hired by the EPA in 1973, School of Law of Tokyo University). He was appointed to the position after

serving in posts such as Coordination Bureau International Regional Cooperation Implementation Section chief.

The chief of the Business Statistics Research Division which handles the survey and research of economic trend statistics used in economic trend indices which serve as an important yardstick for economic assessments is Minoru Ikeda (hired by EPA in 1971, School of Law of Tokyo University). He was appointed to the position after serving in posts such as Director General's secretary, Economic Research Institute senior researcher, Social Policy Bureau Second Consumers' Affairs Division chief, Coordination Bureau Second International Economic Affairs Division chief, and Research Bureau Overseas Research Division chief.

Economic Research Institute

The institute performs basic surveys and research on economic structures and environment, surveys and analyses on personal income and national wealth, and comprehensive and basic research on other economic matters. The institute is divided into the Research Office, Personal Income Department, and the Research Exchange Department, which was established in 1990. The Research Office is staffed with three supervisory senior researchers and eight or fewer senior researchers along with several visiting senior researchers. Visiting senior researchers include individuals who are professors at well-known universities, and emphasis is placed on interchanges with academic societies.

In recent years, attached research centers have been established such as the MOF Institute of Fiscal and Monetary Policy, MITI Research Institute of International Trade and Industry, and Ministry of Posts and Telecommunications [MPT] Institute for Posts and Telecommunications Policy to provide backup support for the execution of policy. The Economic Research Institute played a pioneer role in this respect.

The institute director is Isoroku Sawada (hired by EPA in 1965, School of Science, Tokyo University). He was assigned to this position after serving in posts such as Director General's Secretariat Database and Network Division chief, Economic Research Institute supervisory senior researcher, Research Bureau councilor, and Coordination Bureau councilor. He performs research in a scientific manner befitting a university science graduate.

The deputy director of the institute is Hideaki Yamakawa (hired by EPA in 1969, School of Economics of Tokyo University). He was assigned to this position after serving in posts such as Planning Bureau planning officer in charge of prices, Price Bureau Price Research Division chief, Director General's Secretariat Database and Network Division chief, and Price Bureau Price Policy Division chief.

General Affairs Division Chief Hiroshi Nakatsugawa (hired by MPT in 1956, Ryogoku High School) was

assigned to his position after serving in posts such as Director General's Secretariat Diet Liaison and Coordination Officer and Diet Library Branch EPA Library chief.

Supervisory senior researcher Masaru Eto (hired by EPA in 1971, School of Law of Kyushu University) was appointed to his present position after serving in posts such as Planning Bureau planning officer in charge of prices. Supervisory senior planner Akira Furukawa (hired by EPA in 1972, School of Economics of Tokyo University) was appointed to his present position after serving in posts such as Research Bureau research officer. Supervisory senior researcher Masatsugu Tanaka (hired by EPA in 1972, School of Liberal Arts and Graduate School of Science of Tokyo University) was appointed to his current position after serving in posts such as Middle East Economic Research Center assistant manager.

Research Exchange Division Chief Nobuki Sugita (hired by EPA in 1977, School of Science of Tokyo University) who is in charge of interchange with foreign research institutions was appointed to his current position after serving in posts such as the National Land Agency Regional Development Bureau General Affairs Division assistant chief and Economic Research Institute senior researcher.

The chief of the Personal Income Department which compiles statistics on the gross domestic product is Nobuhiko Kosuge (hired by EPA in 1970, School of Engineering of Tokyo University). He was appointed to his present position after serving in posts such as Economic Research Institute senior researcher, Middle East Economic Research Center assistant research manager, and Price Bureau Price Research Division chief. Personal Spending Division Chief Genjiro Watanabe (hired by MAFF in 1965, School of Law of Chuo University) was appointed to the position after serving in posts such as Economic Research Institute Income Department Personal Productivity Division chief.

Otherwise, those on loan to ministries and agencies outside EPA include National Land Agency Planning and Coordination Bureau director general Shinpei Kasuya (hired by EPA in 1963, School of Liberal Arts of Tokyo University). The Planning and Coordination Bureau was organized when the National Land Agency was launched and consists of the former Integrated Development Bureau of EPA. Its bureau director general has always been an appointee on loan from the EPA. Kasuya was appointed to his present position after serving in posts such as Price Bureau Price Coordination Division chief, National Land Agency Planning and Coordination Bureau Planning Division chief, EPA Coordination Bureau Coordination Division chief, EPA Director General's Secretariat Secretarial Division chief, and Planning Bureau councilor. He is an outstanding member of the group that was hired in 1963 and is a future candidate for vice minister. Much hope is placed in his performance upon return to EPA.

National Land Agency Regional Promotion Bureau councilor Hideharu Kawade (hired by EPA in 1967, School of Economics of Tokyo University) was appointed to his current position after serving in posts such as Social Policy Bureau Social Policy Division chief and Director General's Secretariat Secretarial Division chief. MITI Small and Medium Enterprise Agency Guidance Department Chief Yoshiro Tokunaga (hired by EPA in 1969, School of Economics of Osaka University), National Land Agency Planning and Coordination Bureau Planning Division Chief Shunichiro Ushijima (hired by EPA in 1971, School of Economics of Tokyo University), National Land Agency Metropolitan Areas Development Bureau Planning Division Chief Satoshi Kawamoto (hired by EPA in 1971, School of Engineering of Tokyo University), Cabinet External Government Council Cabinet Councilor Takashige Fujita (hired by EPA in 1972, Schools of Engineering and Economics of Tokyo University) are all outstanding officials.

EPA which in the past has been influenced by MOF and MITI in a significant way has gradually nurtured is career personnel resources and is becoming characterized by such careerists. This fact is now being reflected in its personnel appointments. However, in the area of policy management, it has been at the mercy of the "strongest government agency" known as the MOF on such actions as the government economic forecast, several government economic measures, and the mid-term economic plans, and has been criticized for not exercising adequate independence as a coordinating agency. This situation may be unavoidable to a certain degree because of the MOF's extraordinary dominance since the collapse of the LDP single-party administration, but we would like to see the EPA exert itself in the Kasumigaseki power game and exercise its wisdom as a coordinating agency.

(Information as of 22 August 1994; honorifics excluded.)

Unreported Income From Asset Transfers Decreases

OW2911083794 Tokyo KYODO in English 0815 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Unreported income from asset transfers like sales of land, houses, and stocks almost halved to 569.8 billion yen in the year to the end of June from a peak during the bubble economy, the National Tax Administration Agency said Tuesday [29 November].

The latest figure compares with a peak of 991.4 billion yen in such unreported income in the year to the end of June 1990, when the speculation boom that started in the late 1980s reached its zenith, the agency reported in its annual survey on taxes on asset transfer income.

The amount of unreported income from asset transfers in the latest year also marked a 28.2 percent drop from the previous year, the sharpest ever decline, the agency said.

Agency officials traced the steep downfall to falling land prices and sluggish land transactions.

The agency examined 34,387 reports on asset transfer income that seemed questionable, and found 24,516 cases of unreported income.

Most of them concerned transfers of land and buildings, the agency said.

Of that total, some tax evasion schemes were discovered in 3,428 cases, with the total amount of income on which taxes had been evaded falling 22.1 percent from the previous year to 40.5 billion yen.

College Graduate Pay Marks Record Low Growth OW2911071794 Tokyo KYODO in English 0704 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO— Starting pay for male university graduates inched up 1.1 percent this year, the lowest growth since official surveys began 18 years ago, the Labor Ministry said Tuesday [29 November].

The slender rise, to an average 192,400 yen a month, was slower than last year's 1.8 percent, the previous low, the ministry said in a preliminary report.

For women just out of university, starting pay rose 1.4 percent, beating last year's 1.0 percent increase, to an average 184,500 yen, the ministry said.

"The growth in starting pay was curbed as businesses across the board are holding down hiring," a ministry official said.

Starting pay for male high school graduates rose 2.1 percent to 153,800 yen, while that for females was up 2.2 percent to 145,500 yen.

The survey, which excludes commuting expenses, covered about 18,000 offices with 10 or more employees, asking the June wages set for to spring graduates [words as received], the ministry said.

NEC To Begin Mass-Producing 256MB DRAMs OW2911054694 Tokyo KYODO in English 0400 GMT 29 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 29 KYODO—NEC Corp. said Tuesday [29 November] that the company has formally opened a line capable of mass-producing 256-megabit dynamic random access memories (DRAMs) at its factory in Kumamoto Prefecture in Kyushu. The total investment in the line is expected to reach 100 billion yen and it will start full-scale production of the next-generation semiconductor chips in 1999. In 8-inch silicon wafers, the monthly production will be raised to 30,000.

In the field of memory chips, South Korean makers, including Samsung Electronics Co., are quickly catching

up to their Japanese counterparts. NEC became the first semiconductor maker to build a line capable of mass-producing 256-megabit DRAM chips. By preparing for full-scale production of the next-generation chips in advance, NEC aims to take the initiative in the market.

Though the current mainstream chips are 4-megabit DRAM, NEC recently completed construction of lines to produce 64-megabit DRAM chips. In the next spring, NEC is planning to produce tens of thousands of chips per month.

North Korea

Sources: ROK Creates 'War Atmosphere' at DMZ SK3011043394 Pyongyang KCNA in English 0421 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—Scores of the puppet army bandits who made their way into the Demilitarized Zone South of Yonghyon-ri, Kimhwa County on November 26 created a war atmosphere, firing tens of bullets of large-calibre machine guns and automatic rifles and even throwing handgrenades, according to military sources.

That day, the puppets introduced recoilless guns into DMZ South of Tongchang-ri, Panmun County, Komsa-ri, Chorwon County, and Kukhwa-ri, Changpung County before taking firing posture against the North side.

On November 27 and 28, more than 300 bandits of the puppet army armed with machine guns and automatic rifles wormed their way into the DMZ South of Konchon-ri, Kimhwa County, Paekhyon-ri, Changdo County, and Chonam-ri, Pyonggang County and military vehicles crowded into the DMZ South of Chawon-ri, Pyonggang County, kicking up a war frenzy.

'Uprooting' of ROK Security Agency Urged SK3011104994 Pyongyang KCNA in English 1035 GMT 30 Nov 94

["'Agency for National Security Planning' Must Be Uprooted"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—NODONG SINMUN today calls for uprooting the notorious "Agency for National Security Planning" (ANSP), the headquarters of anti-communist tricks and fascist repression, in South Korea, denouncing the Kim Yong-sam group for fabricating one shocking anti-DPRK drama after another by setting the "ANSP" in motion.

In a by-lined article bringing to light the true color of the "ANSP" the author says that the "ANSP" is engaged in inciting North-South confrontation and making a whole-sale suppression of patriotic democratic forces for reunification by inventing gruesome and shocking cases each time the political crisis gets deeper in South Korea.

The South Korean puppets recently launched a vicious anti-communist confrontation racket by connecting the "Vanguard of National Salvation", an underground organization, with us, which was allegedly discovered by the "ANSP".

Particularly, what the "ANSP" did when our fellow countrymen were in bitter grief at the loss of the great father of the nation was an unpardonable crime.

The "ANSP" activities get craftier and more vicious under the "civilian"-veiled Kim Yong-sam "regime", the paper says, adding:

Only when the Kim Yong-sam traitorous clique is liquidated, can the North-South relations be improved and the desire of the South Korean people for independence, democracy and reunification be carried into practice.

Kim Yong-sam's Idea of Globalization Criticized SK3011044594 Pyongyang KCNA in English 0438 GMT 30 Nov 94

["'Idea of Globalization', Deceptive Slogan"-KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—Commenting on the socalled "idea of globalization" recently brought forward by the traitor Kim Yong-sam, NODONG SINMUN today says it is no more than a petty trick and empty talk, little different from the slogan of "internationalization" he put up a year ago, to mislead public opinion at home and abroad and conceal his treacherous nature.

The news analyst says:

In view of its motive, it is clear that Kim Yong-sam's "idea of globalization" is a deceptive slogan. And it can never be realised.

Kim Yong-sam advertized the deceptive slogan of "internationalization" in a bid to justify his treacherous rice market opening. This time, finding himself utterly isolated at home and abroad and caught in a crisis in power with his "reform policy" coming to a total failure he has hurriedly come out with the "idea of globalization" to survive the crisis and lull public opinion.

The poor colonial stooges who shape policies as directed by others and run the economy depending on foreign technology and capital are making quite a noise, declaring that they would "open the door and advance into the world." This reminds one of a small fly dreaming of becoming a big shot.

The traitor Kim Yong-sam must not flout the people with a clumsy slogan but step down from the power as demanded by them.

South Koreans on Kim Chong-il, Reunification SK3011104194 Pyongyang KCNA in English 1021 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—South Korean people say that the day of

national reunification is not far off because there is the dear leader Comrade Kim Chong-il.

A certain Yi in Pusan said:

"Our nation has a great man who will reunify the country. He is General Kim Chong-il, the son of Mt. Paektu who was produced by the Tangun nation. He is a great personification and champion of steadfast patriotism and the idea of great national unity.

"National reunification will surely be achieved under his guidance."

A Pak, professor of political science at Seoul National University, said: "The reunification of the country and the eternal prosperity of the nation will be achieved only when we respect and follow the dear leader Kim Chongil, a peerless great man, no matter how rigorous the road ahead is."

A student Kim told a seminar of students on national reunification held recently in Pusan: "As we have Mr. Kim Chong-il, the country's reunification and the nation's prosperity and development is definitely guaranteed."

Indian Party Leader Denounces ROK Authorities SK3011041494 Pyongyang KCNA in English 0405 GMT 30 Nov 94

[FBIS Transcribed Text] New Delhi, November 27 (KCNA)—Sousil Maitra [name as received], member of the Political Bureau of the Central Committee of the Communist Party of India (Marxist), in an interview with the KCNA on November 18 denounced the impudent behaviour of the South Korean authorities in running from place to place in an attempt to take posts at international organisations.

Branding the words and deeds of the South Korean authorities as the height of folly and as nonsense, he said that this is because South Korea is a military base and colony of the United States, the enemy of the Third World countries, especially of the national liberation movement in the true sense of the word and because its economy is a vulnerable export-oriented economy dependent on the U.S., Japanese and other foreign monopolies.

He continued:

Those who refuse to honestly implement even the "agreement on reconciliation, non-aggression, cooperation and exchange between the North and the South" are claiming an important post of the World Trade Organisation. This claim can be made only by idiots who don't mind their p's and q's.

Pointing out that attitude toward South Korea is a criterion distinguishing between progress and reaction, between revolution and counterrevolution, he said that

the United Nations and other international organisations must not grant responsible seats to South Korea which cannot express its intention without the consent of its master.

ROK Farmers Hold National Rally, Street March SK3011042894 Pyongyang KCNA in English 0419

SK3011042894 Pyongyang KCNA in English 0419 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—A "national rally of farmers" protesting against the Kim Yong-sam group's treacherous rice market opening and predatory purchase of autumn grain was held in Seoul on Tuesday, attended by 15,000 farmers, members of the National General Federation of Peasant Associations and Students from across South Korea.

Chairman of the Democratic Party Yi Ki-taek was also attending the rally.

The ralliers denounced the Kim Yong-sam group's freeze of purchase prices of autumn grain as a policy of abandoning agriculture and demanded an at least 8.1 percent increase of the purchase prices for the existence of farmers.

They reaffirmed their absolute opposition to an early ratification of the accord of the world trade organisation without measures to protect agriculture taken.

With headbands reading "opposition to ratification of Uruguay Round accord" and other words they marched through streets, resolutely condemning the authorities' treacherous agricultural policy against farmers.

The fascist clique mobilized 15,000 police to suppress the ralliers.

U.S. Representative's Remarks on Accord Denounced

SK3011030794 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 29 Nov 94

[Commentary by Yun Pyong-son: "Insidious Attempts"]

[FBIS Translated Text] Recently, national traitors are showing insidious attempts to put a brake on the implementation of the DPRK- U.S. agreement. Such attempts are revealed in the views expressed by U.S. House representative Kim Chang-chun with the South Korean paper TONG-A ILBO in a recent interview. He complained in the interview that the U.S. foreign policy is dim and weak where the agreed framework between the DPRK and the United States is concerned, and said that he thinks that U.S. foreign policy is wrong. He even jabbered about the possibility of amending the DPRK-U.S. agreed framework.

It is certain that he was asked to make the comments by traitor Kim Yong-sam, who does not welcome the DPRK-U.S. agreed framework and wants to put a brake on the implementation. As everyone knows, the DPRK-U.S. agreed framework contains important measures to resolve the root of the nuclear issue of the Korean peninsula and to improve the abnormal hostile relations between the two countries. It is clear to everyone that when the agreed framework is earnestly implemented, the Korean peninsula will be open to the road of alleviation and peace. This is why all the compatriots in the North, the South, and overseas, as well as the people around the world, ardently support the DPRK-U.S. agreed framework, which has opened the road of alleviation and peace, and hope the agreement will be smoothly implemented and achieve good results.

Amid the expectation and concerns of the people at home and abroad, implemental works for the agreed framework are being carried out in the DPRK and the United States. However, only the Kim Yong-sam clique is maneuvering in all directions to block the implementation of the agreed framework by all means. As we recall, the Kim Yong-sam clique did all kinds of evildoing to break the DPRK-U.S. talks. It came up with some alliance system and asked foreign forces to impose sanctions on the North. Being dependent on its master, it said the master was making too many concessions and that it was foolish.

However, the DPRK-U.S. agreed framework was adopted and the puppets have lost their face in the international community like a dog that chased after a chicken gazes up the roof. Instead of learning a lesson from this, they still cannot pull themselves together but are plotting evil by bringing in a fellow like Kim Changchun to South Korea, putting him in an interview, and using him to hinder the implementation of the agreed framework.

As for Kim Chang-chun, only his name is Korean but he is a shabby man [nojorhan ingan] without any Korean blood or spirit. How ugly a man he is. When he lived in South Korea, he never went along with youths and students who longed for the new. He was a prodigal who only went to dance in the fashionable society. Even in the interview, he told South Korean youths and students to dance rather than to go out for demonstrations, and jabbered that they should not participate in the struggle. Rather than a being apolitician, he is a political quack who is not aware of the aspiration and desire of the people, and who does not have any sense of the times. This is why he is instigating confrontation among his compatriots while denouncing the U.S. administration. His raving about the possibility of amendment of DPRK-U.S. agreed framework, as asked by the puppet Kim Young-sam, is reckless remarks. The intention of the Kim Yong-sam clique, which brought such a human trash like Kim Chang-chun to South Korea to lay down a check-bar to the implementation of the agreed framework, is indeed boundlessly ill- natured.

Facts clearly show that leaving the Kim Yong-sam clique intact, the peace and reunification of the country cannot

be expected, and thus, national traitors like Kim Yongsam should be eliminated without delay. Even if the puppet clique is desperately running amok to put a brake on the implementation of the agreed framework and aggravate the North-South and DPRK-U.S. relations, it has nothing to gain. Those maneuvers will only bring about stronger denunciation and slander from the people at home and abroad, and eventually a self-destruction.

The Kim Yong-sam clique, which runs counter to the trend of the times and challenges the aspiration of the nation, will be punished without fail by history and the people for its sin.

Former U.S. Admiral Zumwalt Arrives in Pyongyang

SK3011001994 Pyongyang KCNA in English 2218 GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Former U.S. Admiral Elmo Zumwalt and his party arrived here today by air for a visit to the Democratic People's Republic of Korea at the invitation of the Korean Asia-Pacific Peace Committee.

The guests were met at the airport by Yi Chong-hyok, vice-chairman of the Korean Asia-Pacific Peace Committee.

Japan's 'Intention of Nuclear Arming' Alleged SK3011044194 Pyongyang KCNA in English 0434 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—The Atomic Energy Commission of Japan in a recent "White Paper on Atomic Energy" repeated its obstinate argument that "Japan has no surplus plutonium", according to a report.

The publication of this "white paper" like an ostrich policy is nothing but a petty trick to eliminate the apprehensions of the world's peaceloving peoples who are vigilant against Japan's nuclear arming.

No one will believe the inventory of plutonium published by Japan this time because it is far smaller than the real amount she has stockpiled.

It is well known a fact that Japan has stockpiled tens of tons of plutonium at home and intends to increase this figure to about 100 tons by the year 2010.

The Japanese magazine BUNGEI SHUNJU carried an article saying that Japan had already secured 26 tons of plutonium a few years before.

This notwithstanding, Japan is claiming that the amount of her plutonium is small and that it is being used entirely for peaceful purposes. It is a preposterous sophism. Tens of tons of plutonium stockpiled by Japan is too much to be used for peaceful purposes and there is no assurance that it will not be used for a military purpose.

The more Japan denies this stark reality, the more clearly she will reveal her ulterior intention of nuclear arming which has already transcended the danger line.

Attempts to make the nuclear armament a policy and justify it, opposing and distorting the "peaceful constitution" prohibiting the possession of nuclear weapons, have openly surfaced in Japan. Even allegations "there is no need to be bound to restrictions of three non-nuclear principles" are bursting out in Japan.

Japan which has made all preparations for converting herself into a nuclear power all at once, with a huge amount of plutonium concealed, is madly grindingna nuclear axe.

It is an open secret that Japan has opened a sure prospect for possessing strategical nuclear missiles by working out a secret document claiming the capacity of manufacturing nuclear weapons and developing nuclear fissionable materials, the technique for their production and the means of delivery of nuclear weapons.

Japan, however, is clamouring about fictitious "nuclear issue" of the Democratic People's Republic of Korea while finishing what is in her mind as mentioned above. This is an ample evidence that it is a crafty artifice to conceal her scheme to become a nuclear power.

It is a cunning method peculiar to Japan to advertise herself as "clean-handed" to the world while stepping up her nuclear armament and her conversion into a nuclear power in real earnest.

It is very clear that lurking behind this method is the sinister intention of the Japanese reactionaries to gratify their wild ambition for dominating Asia at any cost by perfecting the nuclear armament.

Japan's nuclear arming is a grave threat to peace and security in Asia and the world.

It is only too natural that the world is watching out for Japan's nuclear armament.

Japan must open all the concealed plutonium to the public and renounce her design for nuclear armament, clearly knowing that the nuclear arming is the road to self-destruction.

Japan's Attempt To Reverse Declaration Condemned

SK3011102794 Pyongyang KCNA in English 1014 GMT 30 Nov 94

["Discretion Would Be Better"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—NODONG SINMUN today condemns some politicians of Japan for their sinister move to reverse the joint declaration of the Workers' Party of Korea, the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan on the DPRK-Japan relations.

Noting that some politicians of Japan are now hammering away at the poppycock that the three-party joint declaration should be "reexamined" and it is "unacceptable" and that the government is "not bound" to the declaration, the news analyst says:

The three-party joint declaration is not such a document as becomes invalid when someone does not recognize and not such a document as will be annulled when someone does not approve.

It is an agreed document concluded by the then ruling parties of the two countries and the Japan Social Democratic Party.

In a personal letter to the great leader Comrade Kim Il-song the then LDP president referred to the misfortunes inflicted upon Korea by Japan in the past and expressed deep repentance and regret for them as well as the hope for improving the relations between the DPRK and Japan. The LDP president was the Japanese prime minister.

The ulterior intention of some political figures of Japan to hush up the three-party joint declaration is to cover up the arch crimes the Japanese imperialists had committed in Korea in the past and gloss over the liquidation of the past.

The Korean people can never overlook it. The Japanese imperialists illegally and fraudulently occupied Korea and enforced the unprecedentedly vicious colonial rule for 40 years.

Under the fascist tyranny of the Japanese imperialists the Korean people were imposed upon immeasurable misfortunes and sufferings. This is a stark, irrefutable, historical fact.

That is why the three parties in the joint declaration said that Japan must officially apologize and sufficiently compensate to the DPRK for misfortunes and disasters inflicted upon the Korean people in the past and for the losses upon them for 45 years since the Second World War.

The Japanese authorities are now scheming to win public confidence, occupy permanent membership of the U.N. Security Council and become a political power corresponding to economic power.

If Japan takes the road of reversing her commitments, she will be denounced and mocked by the people in Asia and the rest of the world, far from gaining trust. This is an act of pricking one's own eyes by one's own hand.

Some political figures of Japan had better act with discretion, not foolishly acting by way of looking only on one side of the shield.

Japan Professional Wrestling Delegation Arrives SK2911235394 Pyongyang KCNA in English 2217 GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—A delegation of the new Japan Professional

Wrestling Co., Ltd. led by its planning Section Chief Katsushi Nakashima arrived here today by air.

Vice Premier Hong Song-nam Meets Chinese Guests

SK2911235794 Pyongyang KCNA in English 2214 GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Hong Song-nam, vice-premier of the Administration Council, met and had a friendly talk at the Mansudae Assembly Hall today with the visiting delegation of the Chinese side of the board of directors of the Korea-China Hydro-Electric Power Company headed by Wang Shucheng, vice-minister of power industry.

On hand were Pak Ul-yong, vice-minister of the power industry and Qiao Zonghuai, Chinese ambassador here.

Romanian National Day Commemorated at Embassy

SK3011042594 Pyongyang KCNA in English 0415 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—The charge d'affaires ad interim of the Romanian Embassy here, Gheorghe Marinescu [name as received], called a press conference at the embassy Tuesday on the national day of Romania.

Present there were newspaper, news agency and radio reporters here.

Speaking at the press conference, Gheorghe Marinescu said the Romanian people established a unified national state of Romania on December 1, 1918. And he dwelt on its significance.

Foreign Leaders Support Korean People's Cause

SK3011104594 Pyongyang KCNA in English 1025 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—"Today the Korean people are steadfastly defending their dignity and sovereignty under the complicated situation because they are led by Comrade Kim Chong-il, an outstanding statesman and leader," said Feliciano Salomao Gundana, general secretary of the Central Committee of the Mozambique Liberation Front Party, when he received the Korean ambassador to his country on November 23.

Noting that in his work "Socialism Is a Science" Comrade Kim Chong-il made clear the inevitability of the triumph of socialism, he said he saw his unshakable faith and will through the work.

"As the Korean people are now struggling with a scientific conviction of their cause under the guidance of their outstanding leader, a definite prospect of Korean socialism is in store for them," he said.

Leopoldo Grullon, general secretary of the Central Committee of the Dominican Communist Party (Marxism-Leninism), receiving the Korean ambassador to Cuba on November 22, told him that he had been deeply moved by the indomitable will of the Korean people, who were fighting heroically, undaunted by any pressure of the U.S. imperialists.

He expressed the determination to launch the diversified movement for supporting the Korean people's struggle.

Hwang Chang-yop Meets With Mongolian Delegation

SK3011044794 Pyongyang KCNA in English 0425 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, on November 29 met and had a friendly conversation with the visiting delegation of the Chuche Idea Study Centre of Mongolia headed by R. Nansal, rector of the Institute of History of Oriental Philosophy of Mongolia.

The head of the delegation expressed deep condolences over the death of the great President Kim Il-song, saying:

"His death is a great sorrow not only to the Korean people but also to the Mongolian people.

"I was deeply moved to see the achievements made by the Korean people in socialist construction."

He hoped that the Korean people would make greater successes in accomplishing the cause of socialism under the wise guidance of dear Comrade Kim Chong-il, the great leader.

Red Cross, Red Crescent Societies Head Arrives SK3011044894 Pyongyang KCNA in English 0439 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—Mario Enrique Villarroel Lander [name as received], president of the League of Red Cross and Red Crescent Societies, and his party arrived here Tuesday.

The guests were met at the airport by Yi Song-ho, acting chairman of the Central Committee of the DPRK Red Cross Society.

Soldiers' Meeting Marks Cuban Army Founding SK3011043694 Pyongyang KCNA in English 0423 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—A soldiers' meeting was held at the Ok Pongnin unit of the Korean People's Army on November 29 on the occasion of the 38th anniversary of the founding of the Revolutionary Armed Forces of Cuba.

Cuban Ambassador to Korea Jose Ramon Rodriguez Varona and the Military Attache of the Cuban Embassy were invited to the meeting in which soldiers of the unit participated.

Speeches were made at the meeting.

Hanminjon Mission in Cuba Praises Kim Chong-il

SK3011110194 Pyongyang KCNA in English 1041 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—The South Korean National Democratic Front (Hanminjon) will achieve independence and sovereignty and the cause of reunification without fail under the leadership of General Kim Chong-il, the great leader of the nation and lodestar of reunification, said Pak Kwang-ki, chief of the Hanminjon mission in Cuba, who participated in the first world conference for solidarity with Cuba as the head of the delegation of Hanminjon, when he was interviewed by reporters on November 24.

He went on:

"We hold General Kim Chong-il, the peerless great man for all ages, in high esteem as a saver of our destiny and brilliant sun of the nation.

"The South Korean people are struggling with confidence and infinite national pride of holding respected General Kim Chong-il, the great thinker and outstanding politician and talented military strategist, in high esteem as a brilliant sun of the nation."

The ultimate task of the movement for renovation in South Korea at present is to overthrow the subordinate fascist "civilian" dictatorship and establish a democratic regime, he said.

Kim Chong-il Work Disseminated, Studied Abroad

SK3011042194 Pyongyang KCNA in English 0414 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—"Socialism Is a Science," a work of the dear leader Comrade Kim Chong-il, has been widely disseminated and studied in different countries.

Propaganda secretary of the C.C. [Central Committee], the Mozambique Liberation Front Party (Frelimo) Manuel Tome and the first secretary of the Maputo provincial committee of the Frelimo issued statements to press after studying the work.

They said the work serves as a militant banner powerfully propelling the socialist movement in the world for its profundity and scientific accuracy.

They stressed that guided by Comrade Kim Chong-il, Korean socialism is making a long drive and the cause of

the popular masses, the socialist movement will dynamically advance with a new impetus.

A seminar on the work was held by the state department of irrigation of the Ministry of Agriculture of Mozambique.

The speakers said that the work is a precious encyclopedia which inspires the world revolutionary people with the faith in sure victory and that socialism will certainly be revived and win the final victory for its scientific accuracy and truth.

The Congo Left League of Zaire held a meeting and made public a statement supporting the work.

Peruvian Party Leader Praises Kim Chong-il

SK3011104094 Pyongyang KCNA in English 1018 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—"Dear Comrade Kim Chong-il is the great leader of the world people who is possessed of a brilliant idea, theories and traits of leadership," said Tani Baler Lopera, general secretary of the National Executive Committee of the Left Revolutionary Union of Peru, when he met the Korean ambassador to Peru on November 24.

Pointing out that "Socialism Is a Science," a work of the great leader Comrade Kim Chong-il, is an immortal work illumining the way ahead of humankind, he said: "We will deeply study it as the guideline and read it in all activities and embody it in practice."

He further said:

"Comrade Kim Chong-il, holding high the revolutionary banner of the chuche idea under the complicated situation in which the imperialists' moves have been intensified, had the historical agreed framework adopted between the Democratic People's Republic of Korea and the United States of America through the talks with the U.S. this could be done only by Comrade Kim Chong-il, the great leader."

"The world revolutionary people are now feeling more keenly that the cause of socialism is sure to emerge victorious as long as they are guided by him," Tani Baler Lopera declared.

Kim Chong-il's 'Refined' Leadership Praised SK3011085194 Pyongyang NODONG SINMUN in Korean 2 Oct 94 p 2

[Article by Yi Sun-tok: "Revolutionary Leadership in Defending and Protecting Socialism of Our Own Style"]

[FBIS Translated Text] The socialist cause has been firmly safeguarded in our country today.

Firmness and invincibility of socialism of our own style, which does not waver in any storm, stemmed from the

refined leadership of the dear comrade leader, who is leading the revolution and construction to victory with uncommon wisdom and iron-clad will.

The dear leader Comrade Kim Chong-il has pointed out: It is my firm will and faith to defend, protect, and glorify popular mass-centered socialism of our own style established by the leader [suryongnim].

It is an important question related to the destiny of the popular masses to safeguard socialism.

Socialism is a most advanced society in which the independent demand of popular masses has been embodied. The long-cherished desire of popular masses to freely enjoy an independent and creative life by freeing themselves from exploitation and oppression can be achieved only in socialist society. Without socialism, one cannot think of genuine freedom and happiness of the popular masses. The destiny of socialism is the very destiny of the popular masses.

Loosing socialism means putting the rope again on the popular masses with capitalism. What has been provided for the people after the collapse of socialism in many nations is only capitalism which dominates them with exploitation, oppression, and social inequality; and in which various crimes, immoral practices, and social evils rampage. The miserable situation in these countries where people are compelled to live amid extreme anxieties and despair shows a serious historic lesson that when one defends socialism, one will win but if one discards it, one will go to ruin.

Socialism of our own style established by the great leader [suryongnim] is the most superior popular mass-centered socialism, which cannot be found in any other place. Socialism of our own style, in which the popular masses are the masters of everything and everything serves the popular masses, is the genuine cradle of life and happiness of our people. Today, the revolutionary people of the world get strength and courage from our socialism, and are vigorously carrying out the struggle to rebuild socialism. Firmly defending popular mass-centered socialism of our own style is a sacred struggle to carry to accomplishment the chuche revolutionary cause according to the great leader's lifetime will and is a historic task to effect an upsurge in accomplishing the overall socialist cause.

Socialism is difficult to achieve, and the struggle to defend socialism is also arduous. Socialism must pioneer its path anew amid the fierce struggle against the imperialists. Destiny of the socialist cause depends on how the guidance of such a struggle is ensured. The decisive guarantee for defending, protecting, and accomplishing socialism to the end lies in the greatness of the leader [yongdoja] who leads the socialist cause.

The fact that today socialism of our own style is demonstrating indomitable might without the slightest degree of wavering even amid the rigorous whirlpool of history

comrade Kim Chong-il. The dear comrade leader is the great leader [yongdoja] who has embodied the socialist cause and loyalty to the people at a highest stage. It is the firm, unswerving will of the dear leader Comrade Kim Chong-il to carry to accomplishment the chuche revolutionary cause pioneered by the great leader [suryong-nim].

Since the dear comrade leader has such a lofty sense of mission and responsibility, he could elucidate anew many theoretical and practical issues, whose answers have been wanted by the present era in the course of defending and accomplishing the socialist cause, and could make immortal achievements that will shine throughout the century.

Apart from the dear comrade leader's refined leadership, we cannot think about all the valuable feats that firmly guarantee the solidness and invincibility of socialism of our own style.

Above all, the dear leader Comrade Kim Chong-il's wisdom of leadership is to strengthen the main force of socialism by firmly uniting the popular masses around the party and the leader [suryong] and to safeguard and adhere to socialism with the might of chuche.

Socialism is a society in which the popular masses are masters, as well as one that develops with the popular masses' united might. The might of the popular masses is based on their unity. There is nothing greater than the might of the united popular masses. The ability of the leader [yongdoja], who leads the socialist cause, can be displayed in highly effecting the popular masses' might.

Strengthening chuche and enhancing its role in the socialist construction are the firm positions to which the dear comrade leader has consistently adhered in a struggle to safeguard socialism.

The main force of socialism is the popular masses, who are single-heartedly united as one ideological will around the party and the leader [suryong]. Proceeding from this, the dear comrade leader has concentrated maximum efforts on strengthening the main force of chuche by firmly uniting the popular masses around the party and the leader [suryong]. The leader [yongdoja]-who laid an ideological foundation of our single-hearted unity by elucidating the chuche socialist idea with a constant ideological and theoretical activity—is our dear comrade leader. The leader [yongdoja]-who led socialism to become faithful and moral by educating our people in a revolutionary manner, adhering to ideology and theory—is our dear comrade leader as well. Whenever our people are in difficult and complicated situations, he goes down to them and shares his fate with them. Also, he has strengthened the popular masses' cohesion and unity and carried out the revolution and construction by inspiring their revolutionary zeal and creative ability to the maximum. This has become the sacred ethos of the leadership of the dear comrade leader. Thanks to the

energetic leadership of the dear comrade leader, who leads our people to constantly become tempered in a practical struggle for the socialist construction, the main force of our socialism has been further strengthened as invincible. Today all of our people have totally entrusted their destiny to the dear comrade leader, more firmly uniting around the comrade leader [chidoja].

The single-hearted appearance of our people is to endlessly share their fate with the great leader [yongdoja], as well as to more vigorously struggle to achieve the leader's [yongdoja] idea and intent. As long as the great singlehearted unity, the powerful main force of socialism, exists, no enemy can destroy our powerful socialist base.

The wisdom of leadership of the dear leader Comrade Kim Chong-il, who firmly adheres to socialism of our own style, is also to firmly strengthen our country's economic and military might to cope with all conditions and circumstances.

The struggle to adhere to socialism is a serious political and ideological confrontation with enemies and, at the same time, is the confrontation of might. Without having our own strong economic might and powerful military capability, we cannot display the superiority of socialism, nor can we defeat enemies' vicious antisocialist offensive.

Based on his deep insight into the fact that a self-reliant economy and self-defensive capabilities are a firm guarantee for the nation's political independence and security, the dear comrade leader devoted great efforts to achieve this from the early days of leading our party and revolution.

The dear comrade leader built our economy as a chuche-based economy, which is operated with our own strength and technology, by depending on our nation's materials and resources. He put forward the policy of chuche-orientation, modernization, and scientification of national economy in accordance with the demand of remodeling the whole society on the chuche idea. Thus, he saw to it that a new turn is effected in strengthening self-reliance of the economy. Today our economy has become a mighty, self-reliant economy capable of freely producing at any time whatever it needs without wavering in any economic tumult sweeping the world. This is precious fruition of uncommon wisdom and refined leadership of the dear comrade leader.

At the same time, the dear comrade leader devoted all his efforts and energies to strengthening the nation's defense capabilities. The dear comrade leader made the People's Army firmly prepare itself politically and ideologically, and energetically led it so that it is prepared militarily and technologically. Thanks to the wise leadership of the dear comrade leader, today our People's Army grew as a strong and invincible Army with powerful offensive and defense means. Thus, the all-people's defense system with the People's Army as the core has

been firmly established in our country, and the whole nation has become an impregnable stronghold.

Because there are mighty self-reliant economy and selfdefensive capabilities, our nation is displaying the pride as a most dignified, powerful socialist country which no one can dare provoke, and the imperialists' maneuvers to economically block and militarily threaten and menace socialism of our own style were unable to evade destruction every step.

The dear leader Comrade Kim Chong-il is leading our party and people so that they more thoroughly adhere to the revolutionary principle to counter intensified antisocialist offensive by the imperialists. As a result, the superiority of socialism of our own style is being more highly displayed with each passing day, and our socialist cause pioneered by the great leader has been firmly defended and protected. The voice of faith, "a coward may leave. But we will protect the red banner to the end!" is loudly resounding among our people. This reflects the very iron-clad will of dear comrade leader. No strength in the world can block advance of the great people who fight by upholding the great leader [yong-doja].

We loudly sing the song, "Without You, There Is No Fatherland," and "As Long As There is You, We Will Win," which reflect the faith we came to cherish through experience in practical life in the course of carrying out the revolution by upholding the dear leader Comrade Kim chong-il. We are filled with firm determination to defend and brilliantly carry to accomplishment most superior socialism of our own style to the end under the leadership of the dear comrade leader.

Socialism of our own style, in which the people uphold the great leader [yongdoja] and are rallied behind him with single-hearted unity, and which has the mighty foundation of independence, self- reliance and selfdefense capabilities, is the impregnable stronghold, and will be so permanently in the future, too.

Politburo Members Visit Plant in Chongjin

SK3011032694 Pyongyang Korean Central Broadcasting Network in Korean 2105 GMT 29 Nov 94

[FBIS Translated Text] The May 10 general plant, a mighty production base of extracting facilities in the northern district of the country, has achieved great successes in production in recent years, stoutly carrying out a struggle to add luster to the leadership achievements of the party and the leader through practice.

The May 10 general plant was visited by Comrade Yi Chong-ok and Comrade Kim Yong-chu, members of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and vice presidents; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council; Comrade Han Song-yong, member of the Political Bureau of the WPK Central Committee and

secretary of the party Central Committee; Comrade Choe Tae-pok, alternate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Choe Yong-nim and Comrade Hong Song-nam, alternate members of the Political Bureau of the WPK Central Committee and vice premiers of the Administration Council; Comrade Yang Hyong-sop, alternate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sokhyong, alternate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Committee; Comrade Kim Kuk-tae, Comrade Kim Chung-nin, and Comrade So Kwan-hui, secretaries of the WPK Central Committee; Comrade Kim Hwan, Comrade Kim Pok-sin, Comrade Kim Yun-hyok, and Comrade Chang Chol, vice premiers of the Administration Council; Comrade Pak Nam- ki, chairman of the Pyongyang Municipal Administrative and Economic Committee; Comrade Chon Mun-sop, chairman of the State Inspection Committee of the Central People's Committee; directors of the party Central Committee departments; chairmen and directors of the Administration Council committees; responsible functionaries of central organizations; and party secretaries.

On the same day [date not given], the party and government cadres and other visitors laid wreaths at the great leader Comrade Kim Il-song's statue erected in the Nanam District of Chongjin, and paid a silent tribute to the respected and beloved leader who devoted his whole life to achieving the people's freedom and happiness and the popular masses' cause of independence, and who built the strong socialist country of independence, self-reliance, and self-defense in this land.

Receiving the visitors from the revolutionary capital, the functionaries and working class of the plant said that they felt an irresistible yearning for the leader, who visited their plant even far here in the northern part of the fatherland and gave them his boundless love and consideration, to see the cadres without the fatherly leader whom they cannot see again. They hardened their resolution to convert today's sorrow into fresh vigor and courage and to brilliantly implement the great leader's lifelong intent, uniting themselves even more firmly around the dear comrade leader.

Labor hero Choe Kwang-chun, manager of the May 10 general plant, first emphasized to the visitors the immortal leadership achievements of the great leader and dear comrade leader made in the plant, and explained that functionaries and workers of the plant prepared material and technological bases, with their own strength, while increasing the production of extracting facilities.

The visitors took a look at the plant's workshops following the footsteps of the great leader and dear comrade leader's on-the-spot guidance. The visitors also looked at the plant grounds beautified as a park, as well as (Kigyewon) fully equipped with a public bathroom, a barber's shop, a library, a tailor's shop, and a restaurant, which were built with the plant's own strength to guarantee even more the employees' living conveniences.

Then, the party and government cadres visited the houses of plant employees. Opening their quilt closets and looking at the utensils in their kitchens, the party and government cadres conversed with the employees who enjoy happy lives, thanks to our party's people-oriented policies. They asked the employees to always remember the party's benevolent love and consideration, fulfill their loyal duties for the dear comrade leader through generations, and work harder for the plant.

The employees said that, as they met the cadres, they became anxious to invite [mosigo sipun] the dear comrade leader to their plant again, and seriously asked the cadres to convey their desire to him.

The visitors said that they came to be clearly aware of the great political and ideological determination and unyielding will of the functionaries and working class of the May 10 general plant who are excellently in implementing the party policy. Then they hardened their resolution to deeply awaken themselves to their duties as leading members [chido songwon] and to effect revolutionary upsurges in production and construction by tenaciously coordinating the economic and organizational work to implement the teachings left by the great leader and the party's revolutionary economic strategies.

Visit Families of Employees

SK3011102394 Pyongyang KCNA in English 1007 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—The party and government senior officials visited the May 10 United Works, a powerful base of mining equipment production, in Chongjin, a port city in the northeastern part of the country and called at families of employees on November 28.

Among them were Politburo members of the Central Committee [C.C.] of the Workers' Party of Korea [WPK] and Vice-presidents Yi Chong-ok and Kim Yong-chu, Politburo members, alternate Politburo members and secretaries of the C.C., the WPK, and vice-premiers of the Administration Council. They, on November 27, inspected the Kwangchon foodstuff factory and the Kwangchon disabled soldiers plastic daily necessities factory in Tanchon city, South Hamgyong Province, which are known as model factories of self-reliance.

The May 10 United Works was an insignificant one which made accessories by a few sets of equipment in the past.

The great leader President Kim II-song personally visited the works on May 10, 1957 and later on several occasions and indicated the task and ways to mass produce mining equipment of good quality by utilizing its production capacity to the maximum. The dear leader Comrade Kim Chong-il visited the works twice and entrusted it to resolve the difficult and arduous problems arising in the production of mining equipment in the revolutionary spirit of self-reliance.

The officials and workers of the works transformed heating ovens into highly-efficient ones and firmly built up production bases of material, fuel and tools by overcoming hardships and difficulties in the high revolutionary spirit of self-reliance and hard struggle.

Therefore, the works plays a core role in modernizing coal mines and increasing coal production by producing various large-size mining equipment including combined coal-cutting machines.

The visitors, following the course of the on-the-spot guidance of President Kim Il-song and Comrade Kim Chong-il to workshops, congratulated the officials and workers of the works on their achievements in boldly transforming production process of the works as a whole into effective ones with their own efforts, actively tapping inner reserves and doing operation and management methodologically.

They encouraged the workers in their strenuous efforts to implement the behests of President Kim Il-song and the revolutionary economic strategy of the party.

New Precision Steel Rolling Machine Reported

SK3011104794 Pyongyang KCNA in English 1028 GMT 30 Nov 94

[FBIS Transcribed Text] Pyongyang, November 30 (KCNA)—Korean scientists and technicians made a new precision sheet-steel rolling machine with their own technique, material and equipment.

The newly developed rolling machine is a modern set of equipment which automatically rolls steel with mechanical, electric, electronic and hydraulic devices integrated into one.

Its technical process index is of the advanced level of the world.

The development of the machine makes it possible to satisfactorily produce and supply silicon sheet and other metallic materials needed for development of electronic engineering and electronic industry.

The production capacity of the new machine is so great that it can meet the national demand for metal sheets.

The precision sheet-steel rolling machine is popular for its highly efficient operation of nearly one year.

Export Goods Producers Plan Production Increase

SK3011023294 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 29 Nov 94

[FBIS Translated Text] Party members and workers at the Wonha Combined Trade General Bureau [yonhap

chongguk], who unanimously rose in implementing the party's revolutionary economic strategy, have vigorously carried out the struggle to normalize production of export commodities at a high level, thus effecting new achievements.

In a meeting, Chong Mun-sun, reporter of the Central Broadcasting Network; Yi Chong-sun, deputy directorgeneral of Unha Trade Combined General Bureau; and Ho Chang-kun, head of a section; said as follows:

[Begin recording] [Yi] Party members and workers in our Unha Combined Trade General Bureau, who vigorously rose in implementing the party's revolutionary economic strategy by upholding the great leader's [suryongnimui] lifetime teachings, have recently made a number of achievements by vigorously waging the struggle to normalize the production of export items at a high level.

Thus, the Tongdaewon Clothes Plant has overfulfilled the annual production plan of export items by 10 percent as of the end of October.

In particular, functionaries and workers in the production cooperatives in Koun and (Tansu) modernized production process with their own strength and technology by highly demonstrating the spirit of self-reliance and arduous struggle and normalized the production at a high level each year by mobilizing and utilizing even byproducts and idle materials.

Besides, they effected continued innovations, not relaxing even a slight degree the spirit of having attained this year's production goal ahead of schedule as of the end of October. Thus, they have overfulfilled the annual production plan by more than 100 percent.

In addition, the Songgyo clothes plant, Tongdaewon clothes plant, Anju export clothes plant, Pyongyang clothes plant, and many other units have remarkably overfulfilled export apparel production plans as of 27 October.

[Ho] Producers in these plants stressed that with a view to enhancing the people's living standard a step higher within a few years in the immediate future and to thoroughly implementing the party's revolutionary economic strategy, they, who are assigned the production of export commodities, should normalize the production at a high level as they resolved before the party, and should produce more export commodities. They are vigorously carrying out the struggle to drastically economize materials and to increase per-unit production capacity.

Not satisfied with the work of overfulfilling this year's plan, they are accelerating preparations for next month's production, and normalized the production at a high level.

Today, functionaries and workers under our Unha Combined Trade General Bureau are effecting new innovations each day by cherishing firm faith that further increasing the production of export goods is the way of achieving the great leader's lifetime intention and of loyally upholding the leadership of the dear comrade leader.

We will see to it that all plants and enterprises under our General Bureau unconditionally fulfill this year's plans ahead of schedule by more vigorously waging the political work and economic organizational work in compliance with the enhanced zeal of producers. [end recording]

Military Attaches' Corps Visits Tomb of Tangun SK2911045794 Pyongyang KCNA in English 0437 GMT 29 NoV 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—The Military Attaches' Corps in Pyongyang on November 28 visited the Tomb of Tangun, the first king of the Korean nation with a history of five thousand years.

The tomb is located in Kangdong County in the suburbs of Pyongyang.

The guests went round the tomb, the monument to the reconstruction of the tomb and the bronze sword tower, being briefed on the Tomb of King Tangun, a valuable cultural treasure of the country, which has been reconstructed so well as to suit the stamina of Tangun's Korea, a powerful and proserous state in the East, under the guidance of the dear leader Comrade Kim Chong-il, who is creditably carrying into effect the intentions of the great leader President Kim Il-song.

Researchers Discover Relics of Ancient City SK2911104594 Pyongyang KCNA in English 1022

SK2911104594 Pyongyang KCNA in English 1022 GMT 29 Nov 94

[FBIS Transcribed Text] Pyongyang, November 29 (KCNA)—Researchers of the Institute of Archaeology under the Academy of Social Sciences of Korea have some days ago unearthed relics of a large village site in the period of Tangun Korea (about 4,500 years ago) in Namyang-tong, Tokchon City.

More than one hundred home sites were discovered less than one metre deep under the earth.

Around the village site, there are many dolmen tombs in the period of Tangun Korea and stone-compartment earthed tombs of the era of Koguryo Dynasty.

Among the unearthed relics are two home sites of the Neolithic Era, 16 home sites of the top-shape vessel era, three dolmen tombs, four stone-compartment earthed tombs and some 500 pieces of remains.

Noticeable are home sites and other remains of the top-shape vessel era, one of the typical relics in the period of Tangun Korea. The area unearthed so far is 5,000 square metres.

These home sites are rectangular, which were found less than 40 cm deep under the earth.

The remains include bronze bipa-type spear heads, bronze pieces, stone short swords, spear heads, scimitars, axes, chisel, plane irons, whetstones, net sinkers, top-shape vessels and pots.

Most of the remains are weapons. What attracts particular attention are bipa-type spear heads which were found for the second time in Korea.

The bipa-type spear head and the bipa-type short sword are typical weapons used during the era of old Korea.

The bipa-type spear head found in Namyang relics is an important material verifying that Pyongyang area was the cradle of bipa-type spear head and short sword and the centre of ancient culture.

Many relics showing the expansion and development of agricultural and handicraft industrial production were unearthed at the home sites of the top-type vessel era.

South Korea

North 'Aware' of U.S. Move To Reconsider Accord

SK2911232. A Seoul KBS-1 Radio Network in Korean 2214 GMT 29 Nov 94

[FBIS Translated Text] U.S. and North Korean experts are going to hold talks in Beijing for three days, beginning on 30 November, to discuss the provisions for the support of North Korea's switch to a light-water reactor system.

In a statement released upon his arrival in Beijing on 29 November, Kim Chong-u, chairman of North Korea's Committee for the Promotion of External Economic Cooperation, said: The main purpose of the forthcoming talks is to map out the framework of a contract for building light-water reactors in North Korea, based on the Geneva talks.

In this statement, North Korea also stated that recent Pyongyang talks on the storage of used nuclear fuel and on the verification of the freeze of North Korea's nuclear program have gone smoothly because of North Korea's sincere attitude. He said the DPRK would also make all sincere efforts in the Beijing talks, indicating that North Korea is quite aware of the U.S. Republican-led move to reconsider the U.S.-DPRK agreement.

During the three-day Beijing talks, the United States and North Korea will discuss the content and principle of a contract for the supply of light-water reactors between the Korean Energy Development Organization—a consortium for the supply of light-water reactors—and North Korea.

DPRK Reaction to Issue Analyzed

SK3011055294 Seoul SEOUL SINMUN in Korean 30 Nov 94 p 6

[By reporter Ku Pon-yong]

[FBIS Translated Text] North Korea is sensitively reacting to the increasing voices of U.S. conservative forces inside the U.S. Congress following the Republican Party's overwhelming victory in the recent by-elections.

In particular, North Korea is apparently anxious about the open question posed by the U.S. Republican Party, which have swept over both the Senate and the House of Representatives, on the U.S.-North Korean agreement resulting from the Geneva negotiations between President Clinton's Democratic Party-led U.S. Government and North Korea. This is because the situation makes North Korea worry about the possibility that it will lose the fruit it has gained with all its trouble, such as the U.S. promise for the alternative energy supply and the agreement to establish U.S. and North Korean liaison offices.

North Korea's anxiety is plainly shown by the North Korean media's direct denunciation of the U.S. Republican Party in recent days. For example, NODONG SINMUN dated 24 November ventilated a criticism by stating: "The U.S. hard-line conservative forces are trying to disturb the implementation of the DPRK-U.S. agreed framework by reinforcing the U.S. Forces in South Korea."

In particular, North Korea is calling the United States a belligerent group, changing its attitude of controlling denunciation of the United States following the conclusion of the Geneva negotiations on the nuclear issue. According to public opinion, however, this is aimed at the U.S. Republican Party, rather than at the United States. That is, the warning expressed in its statement that "the U.S. hard-line forces' intentional aggravation of the situation on the Korean peninsula will ruin things (the implementation of the DPRK-U.S. agreement) that are going well" is nothing but a conditional reflex-like reaction to the Republican Party's move to take strong measures.

In the U.S. Republican Party, Charles Robb, chairman of the Senate Foreign Relations Asian and Pacific Affairs Subcommittee, has recently announced a plan to hold a public hearing on the North Korean nuclear issue, following the Senate floor leader Bob Dole's remarks on the willingness to reexamine the Geneva nuclear negotiations.

As shown above, the target of the North Korean authorities' ongoing denunciation of the United States is limited to the Republican Party, and the degree of the denunciation is not so high, in light of the fact that the denunciation made by the North Korean media, not officially made by a spokesman of the Foreign Ministry, is aimed at an marginal strike against the United States.

As a matter of fact, in substantial aspects, North Korea is showing a more sincere attitude than ever toward the International Atomic Energy Agency's [IAEA] nuclear inspection activities, trying not to agitate [chaguk] the U.S. Government under the circumstances in which the U.S. opposition party is more powerful than the ruling party. This is shown by the fact that North Korea allowed the IAEA experts' team, which arrived in Pyongyang last week, to visit Yongbyon and Taechon and showed them that the operation and construction of nuclear facilities in these areas has been suspended.

It is a similar sign that North Korea is openly making sheep's eyes at U.S. businesses, in contrast to its official refusal of South-North economic cooperation. North Korea is reportedly making desperate efforts to curry favor with U.S. businessmen, reducing the visa fee for them by \$10 to \$20 less than that for other foreigners, including British visitors.

In sum, North Korea's ongoing denunciation of the U.S. Republican Party and the ROK is analyzed to be a calculated strategy aimed at weakening as much as possible the U.S. conservatives' influence on the course of implementing the U.S.-North Korean agreement, as well as pushing ahead with the planned improvement in U.S.-North Korea relations as it intends.

Furthermore, in implementing the Geneva agreement, North Korea intends to give priority to what is advantageous to itself and to postpone as much as possible what is disadvantageous to maintaining its system, such as South-North dialogue. This is why people view that the prospect of South-North dialogue will remain unclear for the time being.

North Opposes ROK-Type Reactor in Meeting SK3011111294 Seoul YONHAP in English 1107 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— North Korea opposed the South Korean standard model of light-water reactors in an expert-level meeting with the United States held in Beijing Wednesday, a diplomatic source here said.

The North Korean negotiators cited as reasons of their opposition no export records and the internationally yet-to-be-verified safety of the South Korean model.

The U.S. officials, making it clear that there is no alternative other than the South Korean model, stressed that South Korea's Ulchin Nos. 3 and 4 reactors must be specified as "reference power plants" in the reactor supply contract to be concluded next April under a recent agreement among South Korea, the United States and Japan.

The North Koreans also argued that Pyongyang must have the right to select constructors of the light-water reactors because Pyongyang pays the construction costs.

But the U.S. negotiators opposed it, saying the Korea Energy Development Organization (KEDO) must have the selection right because the reactors will be constructed on special conditions of KEDO financing the construction.

The source said the North Koreans would eventually accept the South Korean model because they are well aware that South Korea will play the key role in reactor construction and that there is no option other than this model, speaking on condition of anonymity.

"We expected North Korea to oppose the South Korean model in the Beijing meeting," he added.

Government Urged To Oppose More DPRK Expenses

SK3011060194 Seoul HANGUK ILBO in Korean 30 Nov 94 p 3

[Editorial: "The Brake Is Put On DPRK-U.S. Agreement"]

[FBIS Translated Text] The U.S. Republican Party [RP], the victor in the U.S. midterm elections, is moving to protest the DPRK- U.S. nuclear agreement and to strongly apply the brakes to it, thus attracting the people's attention. RP members in both the Senate and Congress, who expressed discontent with nuclear negotiations in Geneva from the outset, alleged that "the Clinton Administration yielded to North Korea's nuclear intimidation, and made excessive concessions." Thus, they clearly expressed the will to oppose the agreement being implemented as it is.

The allegations of the RP members range from cancellation of the agreement itself and amendment of the agreement, since the period of grace for special inspections is too long, to suspension of the supply of alternative energy (heavy oil) during the construction period for light-water reactors.

We can think of a few factors in the background of the RP intention of putting the brake on the agreement. The RP intends to take the lead in foreign policy in the RP-dominated parliament by highlighting the DPRK-U.S. agreement as a representative failure in Clinton's foreign policy, and to make North Korea thoroughly implement the agreement through powerful control. Thus, the RP hopes to evade financial burdens pertaining to the supply of alternative energy.

In fact, in the event that the RP nullifies the agreement through parliamentary resolution, the problem would be serious. North Korea would resume nuclear development; tension and the danger of war would reemerge on the Korean peninsula; the Nuclear Nonproliferation Treaty [NPT] would be shaken at its roots, and the credibility of the United States would fall to a great extent.

North Korea also pays all of its attention on the RP's moves to check implementation of the agreement. In an article of NODONG SINMUN, North Korea denounced "the South Korean authorities and U.S. hardline conservative forces" for "disturbing the implementation of the nuclear agreement." However, in accordance with the agreement, it took steps for suspending nuclear development, including the discontinuation of the operation of a 5-megawatt nuclear reactor. This can be regarded as an intention not to miss out on gains from the light-water reactor, heavy oil, and improvement in relations with the United States.

Effects of attempts by the U.S. parliament to change the DPRK-U.S. agreement in any form will be felt the most by the ROK. In the event that the agreement is nullified or amended on a large scale, the dark clouds of tension would hang low on the Korean peninsula and our everyday life, economic development, and the like, and would do serious harm. Furthermore, if the United States shifts the responsibility for "supplying heavy oil" onto the Korean Energy Development Organization [KEDO], in addition to the expenses for light-water reactors, we will have to bear additional expenses amounting to several hundred million dollars.

Therefore, the government should inform the United States and Japan of its position that the United States should shoulder the entire amount of expenses, estimated to be approximately \$1 billion, required for the supply of alternative energy, as agreed, and in particular, as promised in Clinton's personal letter to Kim Chongil. The government should also give them a satisfactory explanation regarding its opposition to the U.S. attempt to shift the expenses onto KEDO for the ROK to bear the expenses. At the same time, the government should emphatically point out that the U.S. RP's hardline attitude toward North Korea should not affect operation of KEDO, including sharing of the expenses for lightwater reactors.

The North Korean nuclear problem is a global issue, and stability on the Korean peninsula is directly linked with peace of the world. Therefore, diplomatic error, in which the ROK becomes easy prey to the United States, should be prevented by all means.

Cabinet Approves Special Reactor Work Team SK3011020094 Seoul THE KOREA HERALD in English 30 Nov 94 p 2

[FBIS Transcribed Text] The cabinet yesterday approved the government plan to inaugurate a body which will exclusively handle work related to the construction of light-water reactors in North Korea.

Under the related regulations endorsed by the cabinet, the body is to be headed by a vice ministerial level official who will be appointed by the President at the recommendation of the deputy prime minister and unification minister.

Staff positions are to be filled with officials dispatched from related ministries and other government agencies. The unification minister can request the dispatch of necessary staff members from the related government agencies.

The body may also operate advisory committees when necessary for legal and technical consultation with experts.

Meanwhile, the government plans to inaugurate the organization with some 50 officials from related ministries including the National Unification Board, the Economic Planning Board, the Ministry of Foreign Affairs, the Ministry of Trade, Industry and Energy, the Ministry of Science and Technology and others.

It will be divided into four parts dealing with policy coordination, international cooperation, financial matters and construction technology.

Assistant Foreign Minister Choe Tong-chin, who has been selected as the head of the team, said he and other officials will start work as soon as their office is completed.

The office will be located inside the South-North Dialogue Office in Samchong-tong.

'Unification Experts' Polled on Aid for Reactors SK3011051594 Seoul YONHAP in English 0456 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— The majority of unification experts here believe that South Korea's support in providing North Korea with light-water reactors will help activate inter-Korean economic cooperation and induce opening and reform by Pyongyang.

A poll conducted by Hyundai Research Institute of 350 people in various fields who are experts on the unification issue from Nov. 1-10, at the request of the Advisory Council on Democratic and Peaceful Unification, disclosed that 70.2 percent of the pollees favor the projected support for building light-water reactors in North Korea.

Some 59.3 percent of the pollees said inter-Korean economic cooperation should be promoted by delinking it from the North Korean nuclear issue, while 29.2 percent felt such cooperation should be promoted prudently and gradually.

As for the prospect of settling the nuclear issue based on the Pyongyang-Washington agreement, 41.6 percent of the respondents gave an affirmative reply while 37.1 percent answered negatively, saying "it would be difficult to resolve the issue."

Asked how Pyongyang-Washington rapprochement would affect inter- Korean relations and the easing of tension on the Korean peninsula, 63 percent of the pollees opted for "affirmative effects are expected," 19.8

percent for "it is difficult to expect an epoch- making improvement in inter-Korean relations," and 9.8 percent for "the national division can rather be fixated."

Japanese Attempt To Advance Ties to DPRK

SK2911060394 Seoul YONHAP in English 0531 GMT 29 Nov 94

[By Yi Tong-min]

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)— Japan is emerging from its diplomatic hibernation with North Korea, not so much because the climate has warmed up but because the government badly needs a breakthrough in order to survive at home politically, observers here say.

Seoul, in reaction, is putting on a calm front, reminding Tokyo of the sacred rule—any diplomatic advancement should contribute to improving inter-Korean relations and easing tensions in the region.

Two Japanese Dietmen come to Seoul Tuesday evening to explain their upcoming visit to Pyongyang, planned for later this week, as an advance team preparing for a resumption of Japan-North Korea dialogue.

The dialogue broke off after eight meetings, the last one coming in November 1992.

Among the nay-sayers is the Japanese Foreign Ministry, which is said to have advised against the high-risk visit since North Korea's intentions remain unclear.

Observers here are frowning in wonder at the fact that Chochongnyon, a pro-Pyongyang group of Koreans in Japan, has been the contact window in arranging this week's visit.

"Chochongnyon is definitely not a regular window," said one expert who refused to be identified. "One would naturally wonder why North Korea chose Chochongnyon because that group is not in the mainstream of Pyongyang's channel to Japan."

North Korea and Japan certainly differ over what they hope to gain from the visit, which is the reason why the two sides haven't been able to agree on the main team's visit over the past months.

Pyongyang wants Tokyo to reaffirm the principles contained in the North Korea-Japan joint statement of September 1990 when Japanese political patriarch Shin Kanemaru went to North Korea—in particular, the principle that Tokyo would compensate Pyongyang for the colonial and post-colonial years.

Japan said "no," it could not accede to this. Just this week, Japanese Finance Minister Masayoshi Takemura said his government would review the statement, making clear that post-colonial reparations were not in order.

Tokyo is sending an advance team instead of the main delegation because they haven't been able to settle this difference.

Japan's coalition parties decided to proceed anyway, despite the risks posed by these uncertainties, because the North Korean issue is one of the few areas on which all different parties agree in these rocky times.

Former Socialist Party Chairman Sadao Yamahana is moving to bolt the coalition to form a new party. If 20 or so members followed him, the coalition government would be broken.

"Going to North Korea with representatives from the Liberal Democratic, Social Democratic and Sakigake Parties in one delegation is, in a way, the best way to display unity," said one government official.

Circumstances have changed that enable Japan to make overtures to North Korea—the Oct. 21 North Korea—U.S. nuclear agreement. Japan is not about to sit by idly while the United States rubs elbows with Pyongyang.

As to what Seoul thinks, the government official said Foreign Minister Han Sung-chu will "simply listen."

"This is strictly party business. The Japanese Government is not involved," said this official. "The positions of the Tokyo and Seoul governments do not differ regarding Pyongyang. There is no need to encourage or discourage Japan."

To 'Consult Closely' With Seoul

SK3011074794 Seoul YONHAP in English 0737 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— Japanese Dietmen on Wednesday confirmed their intention to resume diplomatic normalization talks with North Korea while promising to consult closely with the Seoul government.

The two lawmakers, representing parties belonging to the Japanese coalition government, met with South Korean Vice Foreign Minister Pak Kon-u on what was supposed to be a prior consultation before they arrived in North Korea later this week.

Nobuyuki Sekiyama of the Socialist Democratic Party and Kosuke Hori of the Liberal Democratic Party are among four coalition representatives who were slated to head for Pyongyang on Dec. 3 as an advance party to discuss resuming diplomatic normalization talks that have been suspended since November 1992.

The lawmakers came to Seoul to show their commitment to prior consultation with South Korea before making any moves with Pyongyang.

But Pyongyang suddenly withdrew permission for the Japanese Dietmen's visit late Wednesday, with the law-makers quoted as saying that the visit had been "post-poned."

They reportedly told Park that Japan-North Korea diplomatic normalization is an important part of clearing up Tokyo's wartime past.

"They said they will continue to seek a breakthrough in diplomatic normalization with North Korea at a party level since it would contribute to peace on the Korean peninsula and in Northeast Asia," said Foreign Ministry spokesman Chang ki-ho. "However, they will engage in the process in close contact with the Seoul government so that the close alliance between the two countries will not be damaged."

The vice foreign minister, pointing out that developments between Tokyo and Pyongyang will greatly influence the political situation on the Korean peninsula, thanked Tokyo for engaging in full consultations with Seoul on the matter.

"The two countries confirmed that they basically share the same stance regarding Tokyo-Pyongyang relations improvement," spokesman Chang said.

Japan Cancels Plans To Send Mission to DPRK

SK3011132394 Seoul YONHAP in English 1308 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— Japan's ruling coalition has to scrap its plan to send a mission to North Korea for resuming the suspended normalization talks with Pyongyang, as North Korea refused to accept the mission.

Ho Chong-man, vice chairman of Chochongnyon [General Association of Korean Residents in Japan], a pro-Pyongyang association of Korean residents in Japan, reportedly told Secretary-General Wataru Kubo of the Social Democratic Party of the ruling coalition that North Korea cannot accept the Japanese mission for the following reasons.

First, an official of the Japanese Embassy in Washington made an insulting remark in a recent telephone call to the North Korean mission in the United Nations in New York.

Second, chief Cabinet spokesman Kozo Igarashi recently said the coalition cabinet should discuss with Seoul about sending a mission to Pyongyang before its visit, and an advance party of the mission is visiting Seoul now.

Third, Finance Minister Masayoshi Takemura recently stressed the need to review the 1990 three-party joint declaration calling for Japan's colonial and post-colonial reparations to North Korea.

But officials here see these reasons as "superficial," suggesting that there are some complicated reasons in Pyongyang.

Japan has been anxious for improving relations with North Korea after the recent North Korea-U.S. nuclear agreement. Making the most of this position of Japan, the North Koreans want to have the initiative when the normalization talks with Japan resume, according to these officials.

When the talks will resume is a question, but the North Koreans also want to improve relations with Japan and when they sit down with the Japanese again to discuss improving the relationship they must want to have the upper hand to press for their demand for Japan's colonial and post-colonial reparations.

To this end, the North Koreans must be trying to deepen the difference between the two major parties of the coalition—the Liberal Democratic Party and the Social Democratic Party—over the three-party declaration in 1990.

In the declaration issued by the then Vice President Shin Kanemaru of the Liberal Democratic Party in Pyongyang, the Workers' Party of North Korea and the liberal democratic and the socialist parties of Japan agreed on Japan's reparations covering not only the 36-year colonial rule of Korea but also the post-colonial period of 45 years to North Korea.

The officials also take North Korea's refusal of a Japanese mission as a result of some complicated problems in Pyongyang.

It is highly likely that the inviter of a Japanese Government mission is different from the one who decided not to accept the mission.

If this is true, there is confusion in North Korea's foreign policy-making because of some discord between the Workers' Party and the Foreign Ministry, though it appears Kim Chong-il takes a grip on foreign policy.

It is North Korea, not Japan, that suffers from refusal of the Japanese mission. Pyongyang needs to improve relations with Japan and get Japan's reparations for reviving its sagging economy.

North Korea's problem is that the Japanese Government does not recognize the three-party declaration. The North Koreans have pressed pro-North Korean people in the Japan's ruling coalition to move toward resuming the suspended normalization talks with North Korea.

North Korea's refusal of the Japanese mission is expected to weaken the position of the Social Democratic Party in the coalition government because it is the Social Democratic Party which proposed to send a government mission to North Korea during next month.

By refusing to accept the Japanese mission, North Korea dealt a blow to the Japanese politicians who represent North Korea's interest in Japan.

Date for North Supreme People's Assembly Viewed

SK3011045594 Seoul TONG-A ILBO in Korean 30 Nov 94 p 5

[Article by Pak Che-kyun]

[FBIS Translated Text] North Korea's Supreme People's Assembly expected in December this year is already attracting domestic and international interest. However, as of 28 November, North Korea has yet to announce a schedule for the Supreme People's Assembly.

In 1992, North Korea announced the schedule on 28 November and held the assembly on 11 December. In 1993, the assembly was announced on 23 November and held on 9 to 11 December.

As seen in these cases, the announcements were made 13 to 16 days in advance. If the assembly is to be held around 10 December, the announcement should have been made on 27 November at the latest.

According to an intelligence source, however, a relevant official of the National Unification Board anticipates that the Eighth Session of the Ninth Supreme People's Assembly will be held around 10 December.

In fact, the announcement period may not be an important variable in determining the assembly date. In 1988, the Fourth Session of the Eighth Assembly was announced 9 December and held three days later on 12 December.

Another point is that the Supreme People's Assembly is usually not held during the deputies' election period, which is slated for the end of May 1995, and held every five years.

Therefore, it is very likely that the April 1995 annual Supreme People's Assembly will not be held, and that the December 1994 meeting will conclude the Ninth Supreme People's Assembly.

Kim Chong-il's inauguration as the president will be the most significant issue of concern at the Supreme People's Assembly, as it is the Supreme People's Assembly that is authorized to elect the president.

However, most North Korean affairs-related officials think the presidential inauguration will not take place before Kim Chong-il succeeds the post of the general secretary of the party because North Korea is a "country of the party" for whom seizure of party power is more urgent.

It is true that the revision of the North Korean Constitution in April 1993 considerably weakened the president's power. Most military power has been transferred to the chairman of the National Defense Commission, which post is currently held by Kim Chong-il. The revision also empowered the Supreme People's Assembly to summon the president. As head of the state, the president must attend all major national events. The general observation is that Kim Chong- il's health does not permit such activities.

The officials are more keen about the announcement of the succession of the general secretary by the party Central Committee meeting, which is usually held right before the Supreme People's Assembly, rather than the presidential inauguration at the Supreme People's Assembly. In 1993, the plenary session of the party Central Committee was held on 8 December, a day before the Supreme People's Assembly on 9 December.

Regarding the announcement of the succession of the general secretary, a relevant official of the government said: "There is the possibility, but we cannot be sure judging from the delay of the power succession after Kim Il-song's death."

Even if it brings no news on the power succession, the Supreme People's Assembly bears considerable significance. The first Supreme People's Assembly after Kim Il-song's death is very likely to reveal the future movement and changes in the power structure in the Kim Chong-il era.

North Stops Issuing Invitations to ROK Firms

SK3011030294 Seoul YONHAP in English 0234 GMT
30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)— North Korea has apparently stopped sending invitation letters to South Korean companies, dampening their efforts to secure economic cooperation with the North, officials said Wednesday.

After the government announced its decision to revitalize inter- Korean economic cooperation on Nov. 8, a total of 29 applications to contact North Koreans were received by the National Unification Board (NUB) over 11 days until Nov. 18, an official said.

For the whole of October, 20 applications were submitted to the NUB.

Based on these figures, applications for all of November are expected to more than double those of the previous month, according to the official.

The government has already decided to allow only those firms which receive invitations from specific North Korean authorities to make visits: Only four large enterprises which were invited by Pyongyang before the government announcement, however, have submitted applications.

The four are Hyundai, Samsung, Lucky-Goldstar and Daewoo—South Korea's leading business groups.

The government speculates that North Korea stopped issuing invitations after Seoul announced measures to boost inter-Korean economic cooperation.

The official said, "since the announcement, a lot of enterprises seem to have contacted North Korean officials in Beijing, but I haven't heard that any of them received invitations."

Daewoo Chairman Reportedly Inspected DPRK Mill

SK3011100794 Seoul YONHAP in English 0946 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— Daewoo group Chairman Kim U-chung visited North Korea and inspected a textile mill built in a joint venture with a North Korean firm in Nampo, west of Pyongyang, accompanied by his wife, Chong Hui-cha, it was belatedly learned here Wednesday.

A Daewoo official said the group's official position is that Chairman Kim did not travel to North Korea in June and July. But he added, "I've a feeling that he was there in June."

As for the "MAL (WORDS)" magazine's report of Chairman and Mrs. Kim's visit to Nampo in its December issue, the official said the group did not take any action against the magazine for such a report, speaking on conditions of anonymity.

In the report, the magazine quoted Mun Myong-cha of the U.S. Asian News Service as saying that Chairman and Mrs. Kim had been satisfied with their visit to the joint-venture textile mill in Nampo in June, citing a North Korean official.

The North Korean official was quoted as saying he didn't know whether the Kims were in Nampo during the mourning period for Kim Il-song's death. "It seems that they were not in Nampo during the mourning period, because if they had been in Pyongyang they should have come to Nampo but they were not here during the mourning period."

The textile mill was completed on a site of 52,800 square meters in April under a joint venture contract signed by Daewoo and a North Korean firm in September 1991, and it will put into operation as soon as Daewoo equips for operations.

* Hope for N-S Economic Cooperation Rises

* Policy Direction Reviewed

952C0022A Seoul CHUNGANG ILBO in Korean 19 Oct 94 p 29

[By Economist Kim Chong-su]

[FBIS Translated Text] At the news of the accord reached between North Korea and the United States, the public is keenly interested in knowing how our government is going to handle inter-Korean economic cooperation. The ROK government has an economic cooperation policy prepared in advance and is now waiting for the time to implement it.

Our economic relations with other countries have never experienced so many twists and turns as in economic interchange with North Korea. The way opened for North-South economic interchange when South Korean rice and other relief goods were delivered to North Korea for its flood victims in September 1984. Subsequently, enthusiasm for North-South economic exchange ran high, culminating in the signing of the "supplementary agreement on North-South economic exchange" in September 1992. But inter-Korean economic exchange came

to a halt due to the "North Korean Workers Party espionage case" in October 1992. Later, hopes for economic interchange revived when a North-South summit was scheduled for late July 1994, but the whole affair went "back to square one" because of the death of Kim Il-song.

Currently, the "Coordinating Committee on North-South Economic Cooperation", chaired by the vice minister of the Economic Planning Board [EPB], is in charge of matters relating to North-South economic cooperation. In particular, the committee discusses matters relating to economic cooperation, such as exchange of commodities and investment, out of various cooperation projects requiring approval by the minister of the National Unification Board [NUB], who chairs the "Committee for the Promotion of North-South Economic Cooperation," a superior organization. It also handles matters to be referred to this higher-level organization.

Now that an accord has been reached between North Korea and the United States, the government policy on North-South economic cooperation will be pushed ahead in these two directions: implementing the points of agreement previously agreed upon with regard to economic interchange and cooperation between North and South; and following the three-stage plan for pressing forward with economic cooperation outlined in the new five-year economic plan.

The North and South Korean Governments previously agreed to a no-tariff account settlement formula, regarding exchange of commodities as "internal exchange inside one country." The whole purpose is to treat exchange between the North and South as commercial transactions inside one country without having to pay the customs or exchange the currencies in selling or buying commodities between the North and South. Both sides also agreed to avoid double taxation and provide guarantee for investment. When these points of agreement are implemented, at least legal barriers will be removed to some extent in inter-Korean economic interchange.

The government plan is to carry out economic cooperation step by step and "in an orderly manner, in keeping with the overall unification policy." Under this policy the government is considering the following three-stage plan: in the first stage, to work out arrangements for direct trade and investment and carry out small-scale model projects while opening direct sea routes between the North and South; in the second stage, to set up economic offices and expand the scope of joint investment while linking railways and highways; in the third and final stage, to make preparations to convert the North and South into a "single economic community" by bringing their economic systems into harmony and linking their infrastructures to each other.

The government has already begun adjusting interagency views retarding North-South economic cooperation. In this connection, there are two things that are

bothering the government: First, up until now the government has been saying that "there could be no economic cooperation unless the issue of North Korea's nuclear capability is settled," and the problem is: How can the government now turn around and try to convince the public of the need for economic cooperation? Second, it is feared that economic cooperation might help "foster" the Kim Chong-il regime.

The North Korea-U.S. accord contains a provision requiring the resumption of North-South dialogues. But it is questionable whether the public considers North-South economic cooperation as necessary. The opinion is divided on the economic cooperation issue. Some hold that if economic cooperation between the North and South as well as between North Korea and industrialized nations proceeds too fast, it might make the Kim Chongil regime get tougher in its dealings with the South. On the contrary, others maintain that if North Korea cooperates with us in the economic field, it will hasten the day when North Korea will convert its economy to a market economy, and this will benefit us.

There are two urgent things that our government must do. First, it must convince the public as soon as possible of the necessity to separate politics from economics and deal with problems concerning North-South economic cooperation by "economic logic." Second, it must make the World Trade Organization understand why it is necessary to consider North-South economic interchange as tariff-free "internal exchange" inside one country.

* Sharing North Information Urged

952C0022B Seoul CHUNGANG ILBO in Korean 20 Oct 94 p 29

[By Reporter Nam Yun-ho]

[FBIS Translated Text] It is being pointed out in some quarters that in order for North-South economic cooperation to become active, it is necessary to begin by making the distribution of information on North Korea smoother. Particularly, general trading companies doing business with North Korea are complaining that they lack North Korea-related information because of the monopoly of information by the government, causing difficulty to their business.

Currently, information on North Korea is collected and controlled primarily by each of the security-related agencies, such as the Agency for National Security Planning [NSP], the National Unification Board [NUB], the Ministry of Foreign Affairs, and the Ministry of National Defense. These agencies are competing with one another in collecting information on North Korea. But according to sources in these agencies, each agency is reluctant to share information with other agencies.

These security-related agencies do not want to share information with each other because of their common inclination to monopolize information, believing that

their influence is directly linked to the amount of information they hold. These agencies distribute part of retouched information to the Research Institute on Foreign Relations and Security, the Research Institute for National Unification, and some other organizations.

However, lacking an established information network, private firms visit government-operated research organizations to get one or two bits of information at the best. One can read various reference materials on North Korea at the reference library in the NUB, but business officials say those materials are not enough to meet their needs.

The NSP holds a meeting of company officials in charge of business with North Korea once or twice in each quarter. But the NSP more often than not uses these meetings to garner information from them rather than provide information to them.

Said Ho Kun, chief of the Special Research Office under the Samsung Economic Research Institute: "A consolidated information window should be created jointly by all related government agencies for an effective distribution of information on North Korea."

Of course, the government has a different opinion.

The government holds that it is providing private firms with all basic information that should be made available to them, but it can iminately furnish security-related information. The reason the government refuses to ease its light monopoly of information is that it handles information on North Korea from the point of view of national security.

An NUB official said: "The government cannot provide information in the same manner as a salesman makes the round of companies selling his wares." "We have," he added, "no special plan to furnish information on North Korea to private firms."

Private firms have their own separate information distribution line with general trading firms at the center. However, it is difficult to collect comprehensive information because the sources of contact are limited and their reliability is low at that. Most of North Korearelated information collected by private firms comes from the North Korean partners stationed in China, Hong Kong, and other third countries. South Korean firms get a fairly large amount of information from Japanese firms and research institutions, but most of it is hardly anything more than gossips and not much of help.

When it comes to the paucity of available information on North Korea, the situation is the same with the economic ministries which have to support private firms in practical aspects of North-South economic cooperation. These ministries point out that the security-related agencies not only treat economic information lightly but also seldom provide it on time or refer it to them for analysis.

For instance, when the North Korea-U.S. talks reached an agreement, working-level officials of the Ministry of Trade, Industry, and Energy—the agency that will be in charge of the light-water reactor program and North-South economic cooperation—learned of the content of the agreement through newspaper reports.

Said a high-ranking official in the agency which is deeply concerned in the proposed construction of atomic power plants: "What related materials we have prepared and what ideas we have thrashed out in the past were all on our own initiative." He categorically said: "But never has the Blue House, the Foreign Ministry, or the NUB, asked for pertinent materials from us nor provided any information to us."

* Japan's Role Reported

952C0022C Seoul CHUNGANG ILBO in Korean 20 Oct 94 p 29

[By reporter Kwak Chae-won from Tokyo]

[FBIS Translated Text] On 18 October, the day the United States and North Korea reached an agreement on the nuclear issue, the Japanese Government announced that "a basic condition for resuming Japan-North Korea talks is now in place,," and immediately began sounding out North Korea on its intentions. This is to say that Japan is confident of its estimate of North Korea's future moves.

In the swirl of events following the death of KIm Il-song, the Japanese Government remained calm, believing that Kim Chong-il will certainly take over the reins of government and that it is only a matter of time before the takeover will take place. An accurate assessment of the situation based on a sound analysis of information was behind the Japanese Government's composure. Japan seems to be fully prepared for its impending economic cooperation with North Korea.

One of the most important channels in the collection of information concerning North Korea is industrial circles, particularly general trading firms. Most of Japanese general trading firms collect North Korea-related information from Western as well as North and South Korean news media, their field offices in Russia and China, and their resident offices in Third World countries with relations with North Korea. Information collected by these sources is immediately transmitted to the company headquarters, analyzed by officials in charge of North Korean affairs, and filed for future use. When all negotiations with North Korea came to a standstill over the nuclear issue and the whole world was down with pessimism, Mitsubishi Corporation, among others, predicted that there would be some dramatic developments in the latter part of the year. The company disclosed that a group of general trading firms had already requested that the government prepare a more than \$100 million economic aid package including an official development assistance (ODA) fund.

The same is true with all other companies. Large Japanese corporations are roughly divided into six groups; and forums operated by each corporate group are virtually information clearing centers. The forums at the executive level include: the Getsuyokai (made up of managing directors or higher executives from 72 companies) of the Mitsui Group; the Gonichikai (officials in charge of planning from 20 companies) of the Sumitomo Group; and the Fujikai (officials of the vice presidential level from 29 companies) of the Fuyo Group. Their purpose is to exchange information on the assessment of the economic condition. The forums at the CEO level include: the Nikikai (24 companies) of the Mitsui Group; the Kinyokai (29 companies) of the Mitsubishi Group; the Fuyokai (29 companies) of the Fuyo Group; the Sansuikai (44 companies) of the Sanwa Group; the Sankinkai (47 companies) of the Daiichi Kangyo Group. They exchange information and collect industrywide opinions. Most of company presidents belong to government-sponsored panels and councils.

On the other hand, the academic community collects information from its information channels, such as scholars studying abroad, Japanese Embassies overseas, and research papers worldwide, and make objective analyses of information so obtained. Quite a number of official and nonofficial overseas projects are included in these channels. It is a well-known fact that on the day the death of Kim Il-song was reported, the Japanese Foreign Ministry sent relevant information materials to several professors specializing in affairs on the Korean peninsula in Keio, Sizuoka, and some other universities, asking them to analyze the materials.

There are channels through which pieces of information collected from many sources are directly transmitted to government agencies concerned, but in many cases information is also conveyed to the government through unique Japanese private channels, such as study groups and forums. Among the Japanese Government's think tanks, the Asian Economic Research Institute and the Japan Trade Organization [JETRO] under the Ministry of Trade and Industry [MITI]; and the Policy Research Institute on Science and Technology and the Japan Atomic Energy Research Institute under the Science and Technology Agency play an important role in dealing with problems relating to North Korea. They play the role of transmitters and analyzers of information.

For instance, when the subject of providing light-water reactors to North Korea cropped up, the Science and Technology Agency, in cooperation with the MITI, immediately announced that "Japan has developed a Japanese-type improved light-water reactor model and therefore is now in a position to assist other countries with this model." The Asian Economic Research Institute, on the other hand, operates a research panel called the Korea Forum and has research exchange programs with Niigata University, the Osaka University of Economics universities, and other universities strong in researches on North Korean affairs. The Finance Ministry analyzes information on North Korea through the

Financial Research Institute under the Japan Federation of Bankers' Associations. This institute is the originator of the idea of banning remittance of pachinko money to North Korea as a means of sanction. These are only a few examples.

The number of Japanese experts and students of Korean issues is estimated at 1,500. By comparison, the number of Koreans studying Japanese affairs is 150 at the most. In Japan, mutual exchange of employees between government, business, and academy, and interagency personnel exchange in the government, and the so-called visiting employee system are giving a synergic effect on information exchange.

At any rate, information collected by government agencies are classified and analyzed in a manner suitable to each agency and referred to the Conference of Vice Ministers through proper channels. The conference is called into session at the Office of the Prime Minister each Monday and Thursday at lunch time, chaired by the chief cabinet secretary, . A comprehensive final report on what was discussed at each session is submitted to the chief cabinet secretary, who refers it to a cabinet meeting so that it may be used in mapping out government policies.

* Business Groups in Preparation

952C0022D Seoul CHUNGANG ILBO in Korean 19 Oct 94 p 28

[By reporter Cho Yong-hyon]

[FBIS Translated Text] The pace of ROK firms seeking economic cooperation with North Korea is quickening because our government is expected to push ahead with North-South economic cooperation at full steam now that the nuclear issue has been settled between North Korea and the United States.

The government fears that we might end up handing over our prospective advantage in the North Korean market to not only our rivals such as Taiwan but also the large cooperations in the United States, European countries, and Japan which are joining the battle to establish a foothold on the North Korean market.

In the past the main mode of entry to the North Korean market was delivery of goods, buying back of goods manufactured in the North by using materials supplied from the South, and the construction of infrastructures. But a striking shift is taking place from this mode to entry in electronics, automobiles, petrochemicals and oil refining, and other heavy industries. Entry plans are also expanding from short terms to middle and long terms.

Some firms are working out concrete plans to participate in infrastructure development projects in North Korea jointly with third parties such as the United States, Japan, and China.

Under the assumption that it will take quite some time to open the way for direct investment in North Korea, the strategy of the Samsung Group aims to gain entry to the North Korean market through a tie-up with the Yanji municipal government in China. At a July meeting of the presidents of its affiliates, the Samsung Group decided to map out a concrete strategy for entry to North Korea. Last week it sent a five-member delegation consisting of officials of Samsung Corporation, Samsung Electronics Co., and the Samsung Research Institute to Yanji on a fact-finding mission. The Samsung Group plans to expand investment in North Korea by beginning with investment in infrastructure development projects in the Najin-Sonbong area and in light industry and expanding into electronics, machinery, shipbuilding, and communications fields under mid- and long-term investment plans.

According to a company source, the Hyundai Group recently dispatched officials of Hyundai Corporation, Hyundai Engineering and Construction Co, and Kumgang Development Company to Beijing to discus with a high-ranking North Korean point man there on matters concerning investment in North Korea.

The Hyundai Group plans to push for the development of Wonsan Port and Mt. Kumgang for the time being and search ways to expand investment into irrigation, shipbuilding, and other heavy and chemical industries under mid- and long-term plans.

At a recent meeting Hyundai Honorary Chairman Chong Chu-yong said, "The principle of free competition must be applied to all firms making entry to North Korea," thus indicating that he still has a strong desire for Hyundai's entry to the North Korean market.

The Lucky-Goldstar Group plans initially to push for projects appropriate for the taste of North Korea, such as infrastructure projects, as well as those designed to produce basic consumer goods and earn foreign exchanges, and later add the electronics field. The group is contacting Chinese businessmen in a Chinese-North Korean border area in order to increase the shipment of color TV sets to North Korea.

The Daewoo Group's pace of entry to North Korea has been relatively fast. There was a rumor that Daewoo Group Chairman Kim U-chung was in Pyongyang at about the time Kim Il-song died. The group is showing a contented mood.

A Daewoo official said: "We will first proceed with the Nampo industrial estate development project and the natural resources development project agreed upon when Chairman Kim visited North Korea in 1992 and later move into automobile and other fields."

Chairman Kim Sung-yon of the Hanhwa group has been on the move. He met with Kim Tae-tok, vice chairman of the North Korean Committee on Cooperation With Foreign Countries, in Beijing last June. During this meeting, the chairman of the Hanhwa Group received a request from the North Korean official for joint investment. The Hanhwa group is studying an investment plan for the construction of a vinyl or polyester pipe processing factory in Nampo or in the Najin-Sonbong area.

The [Unification Church-affiliated] Tongil Group secured a strong channel of contact with North Korea when Pak Po-hui, former president of SEGYE ILBO, visited Pyongyang to offer condolences on the death of Kim Il-song. The group plans to push for projects designed to produce auto parts and heavy equipment parts and extract building stone.

* Businesses Expect Guarantees

952C0022E Seoul CHUNGANG ILBO in Korean 19 Oct 94 p 28

[By reporter Ko Yun-hui]

[FBIS Translated Text] ROK firms looking for entry to North Korea or engaged in indirect trade with it hope that with the North Korea-U.S. accord on the nuclear issue as a momentum, the ROK Government will take epochal steps to expedite economic cooperation with North Korea.

The South Korean firms supplying materials to North Korea to buy back goods processed with these materials have been on edge because they are not sure that the goods processed in North Korea are precisely according to the specifications until they actually receive the goods they ordered.

In other cases, some South Korean firms engaging in indirect trade with North Korea through China, Hong Kong, and other third countries have suffered damage because some firms in these countries took advantage of the indirect trade system to sell their products to South Korean importers by misrepresenting them as if they were North Korean products.

Some other firms have had a hard time because of delays in customs clearance and transportation.

Side effects of "one-sided economic cooperation" result from South Korean firms' not being able to exercise discretionary power in conducting trade with and making investments in North Korea.

Accordingly, the South Korean business community is unanimous in voicing the demand for an early agreement between the North and South Korean authorities to guarantee businessmen the freedom of travel between the North and South, as well as for a shift from indirect to direct trade.

Particularly with regard to the Najin-Sonbong area which is likely to become the first place for South Korean firms to set foot, the construction of infrastructures must precede the construction of factories. Accordingly, the

government is urged to take follow-up steps to provide assistance to South Korean firms investigating in North Korea.

Journalists' Prudence Urged in N-S Exchanges

SK2911072894 Seoul YONHAP in English 0713 GMT 29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)— Information Minister O In-hwan has asked South Korean journalists to exercise prudence in pursuing inter-Korean exchanges.

O, appearing before the National Assembly Culture and Information Committee, said, "It may lead to undesirable results if private parties or groups push for inter-Korean exchanges through their own private channels."

He was referring to a recent announcement by the journalists' Association of (South) Korea, which said Thursday it had decided to dispatch a member to Pyongyang to present its North Korean counterpart with a proposal on inter-Korean journalist exchanges.

"The inter-Korean press exchange is the kind of issue that should be prudently pushed, keeping pace with overall progress in inter- Korean relations. The issue should be discussed through the official channel—the National Unification Board.

"But the government plans to give maximum support for inter- Korean press exchanges within certain limits, considering the pace of progress in inter-Korean dialogue," O said.

U.S. Transfers 'Peacetime Operational Control'

SK3011080894 Seoul CHUNGANG ILBO in Korean 30 Nov 94 p 3

[Editorial: "Recovery of Military Sovereignty After 44 Years"]

[FBIS Translated Text] The first of December 1994 will be a memorable day, not only for the ROK Armed Forces, but for all of the ROK people. From this day on, the ROK Armed Forces will exercise peacetime operational control, which has been held by a foreign country for a long time.

It has been 44 years since operational control over the ROK Armed Forces was handed over to the commander of the UN Forces in Taejon in July 1950, less than one month after North Korea invaded South Korea. The wartime treaty, called the Taejon treaty, has contributed considerably to deterring North Korea's ambition to communize the Korean peninsula and its military adventurism and achieving stability and prosperity in South Korea.

Though it was painful to give up part of our sovereignty as an independent country, it was inevitable because our national power was fragile and our defense capability

was weak. With continuous reinforcement of the ROK's military power and the end of the Cold War, the consciousness of independence has been enhanced among the ROK Armed Forces and people and the recovery of operational control has become inevitable.

The recovery of operational control will free the ROK Armed Forces from the obligation to consult with the United States on the deployment, movement, and training of military units. A U.S. general serves as commander of the UN Forces and the ROK-U.S. Combined Forces Command. It is also an opportunity to establish an independent operational command system.

However, the ROK has yet to secure complete operational control. This is because the ROK-U.S. Combined Forces maintains wartime operational control. This seems to be inevitable because the ROK is still dependent on the United States for the early warning system and intelligence gathering and management.

The recovery of operational control will enable the ROK to be a key player in carrying out joint operations. In addition to enhancing the ROK people's pride and morale, the ROK Armed Forces will now be able to strengthen its ability to develop independent strategies and its crisis management capability, distribute its war capability in a future-oriented manner, and restructure its military organizations, and, thus, provide a basis for growth. In the meantime, the ROK has greater responsibility for its own security. Only when we develop the security capability can we recover complete operational control, including wartime operational control. The ROK Government and Armed Forces should make full preparations to expedite such a full recovery.

Note of Exchange Signed 30 Nov

SK3011075094 Seoul YONHAP in English 0740 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)—Seoul and Washington on Wednesday completed the transfer of peacetime operational control of the Korean Armed Forces from the U.S. Forces to South Korea with the signing of a note of exchange.

Foreign minister Han Sung-chu and U.S. Ambassador to Seoul James T. Laney signed the note at the ministry. The transfer agreement goes into effect on Dec. 1.

South Korea regains peacetime operational control for the first time in 44 years. Former President Syngman Yi turned over the authority to the UN Forces commander in 1950 at the outset of the Korean war.

The note is a follow-up to the South Korea-U.S. Security Consultative Meeting last October in Washington, where the two sides signed an agreement detailing the contents and procedures of the transfer.

The agreement, however, could not take effect without the note which says all relevant laws have been modified to allow the transfer of control. The transfer was first discussed in 1992 under the recognition that South Korea should take the initiative in defending itself.

Return of Control Analyzed

SK3011072i94 Seoul YONHAP in English 0635 GMT 30 Nov 94

[Article by Han Tak-pae]

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— The announced return of peacetime operational control of the South Korean Armed Forces to the Korean Government is highly significant in that Seoul will regain an integral part of its sovereignty.

Korea is assuming peacetime operational control for the first time in 44 years after President Syngman Rhee handed full control of the Korean Armed Forces to the United Nations forces commander on July 14, 1950, at the outset of the Korean war.

However, wartime operational control of the Korean forces still rests with the commander of the Korea-U.S. Combined Forces Command, who is an American general.

With the return of peacetime operational control, all military activities aimed at bolstering defense preparedness will be conducted under the authority of the Joint Chiefs of Staff without requiring permission from the combined forces commander.

In the past, major activities and the resources of all South Korean military units—with the exception of the Special Warfare Command, the Capital Garrison Command and the Second Army—came under the control of the commander of the Combined Forces Command.

Despite retrieving peacetime control, Korea has delegated to the Combined Forces Command the authority over intelligence gathering, wartime planning, planning and execution of large-scale military exercises, and early warning programs.

Moreover, since redeployment of major units in peacetime, too, is made in consideration of likely enemy invasion or infiltration routes in war, it would be difficult for the Korean Armed Forces to move their major units without advance consultations with the Combined Forces Command.

Therefore, so long as the Combined Forces Command retains wartime operational control over the South Korean military, the Korean forces are expected to respect the opinions of the Combined Forces Command on various major issues like the movement of military units.

Although the retrieval of peacetime control is a welcome development so far as Korean sovereignty is concerned, the step also brings an increase in Korea's burden.

In essence, the return of peacetime control can be taken as part of the U.S. policy of scaling down its direct military presence here and of letting Korea bear the brunt of its defense programs.

As a matter of fact, a first-phase reduction of the U.S. Forces in Korea was effected through 1992 under the so-called Nunn-Warner Amendment that was passed by the U.S. Congress in November 1989.

The initial reduction featured a cut in U.S. military strength in Korea from 41,000 to 35,000, replacement of an American general with a Korean as the senior member of the UN Command component of the Military Armistice Commission, and the deactivation of the Korea- U.S. Field Army Command.

Though a second-phase reduction was shelved due to the North Korean nuclear issue, Washington may choose to go ahead with a further cut once the Korean situation stabilizes thanks to the resolution of the nuclear dispute.

Military experts assume that any additional reduction would trim a mechanized infantry brigade and an aviation brigade of the U.S. Second Division and a U.S. Air Force fighter wing, slicing American troops in Korea to the 15,000 level.

The vacuum created by a departure of these American outfits and their mighty firepower would have to be filled with Korean taxpayers' money.

All of these factors indicate that the return of peacetime operational control over the Korean forces to Seoul has given the Koreans cause for both joy and concern—joy in terms of national sovereignty and concern about the additional burden.

Livestock Groups Rally Against U.S. Intervention SK3011015794 Seoul THE KOREA TIMES in English 30 Nov 94 p 8

[FBIS Transcribed Text] The Korean livestock industry is strongly resisting the recent U.S. decision to begin investigating what U.S. officials said are Korea's unfair trade barriers in the livestock market.

The National Livestock Cooperatives Federation (NLCF) yesterday staged a rally at its auditorium, urging the United States to immediately stop intervening in Korea's livestock distribution systems. Some 300 persons including the heads of the nation's 190 regional livestock cooperatives and NLCF officials attended the rally.

During the rally, the participants urged the Korean government to cope with the U.S. move, noting that American "rude" demands have aroused a feeling of hostility toward the U.S. among Korean citizens as well as farmers.

"We harshly condemn the U.S. administration's imperialistic decision which would pose a grave threat to the health of Korean consumers and threaten the survival of Korean livestock farmers," said a statement read during the rally.

They pledged their commitment to fight to the last to safeguard the survival of one million livestock farmers and restore national pride.

The participants threatened to launch a nationwide boycott campaign of American products unless "the U.S. stops intervening in domestic Korean matters." "Our latest displeasure with the U.S. caused by the USTR's decision to probe Korean livestock practices may lead to an all-out anti-American movement in Korea," they warned.

A simmering trade dispute between Seoul and Washington is brewing over the USTR's decision last week to begin a process that could lead to retaliatory trade actions against Korea under the Section 301 of its 1974 Trade Act.

A trio of U.S. meat industry groups filed a petition with the U.S. Trade Representative's Office recently complaining that Korea restricts its potentially huge markets to U.S. meat producers through various trade obstacles. The U.S. trade office accepted the petition and must resolve the case within the next 12 months.

The NLCF, the interest group of domestic livestock farmers, also sent a letter to U.S. Ambassador to Korea James T. Laney last week in protest against the U.S.'s mounting pressure to open up the Korean livestock market.

In the letter, the NLCF also warned of a nationwide boycott campaign of American products "if the U.S. keeps putting pressure on Korea to open up the livestock market in a high-handed way."

Business Administration Theory Spread in PRC SK3011083194 Seoul CHUNGANG ILBO in Korean 30

Nov 94 p 31

[Article by Yi Ki-su]

[FBIS Translated Text] The "time-tech theory," a ROKstyle business administration theory, has been exported to the PRC, making itself a topic of wide-spread conversation.

Jin Ximin, a senior research fellow at the External Economy and Trade Committee in Zigong City, Sichuan Province, the PRC, has recently published in the Chinese language the gist of "Time Tech," a book written by Yun Un-ki, director of the Information Strategy Research Institute [ISRI] of the ROK.

Much of this theory has been introduced in the quarterly JEUCE ZIXUIN TONGXIN, and the dailies ZIGONG RIBAO and XINAN JINGJI RIBAO—periodicals published in Sichuan Province—and has attracted a great deal of favorable response from PRC Government officials and businessmen.

A total of 200,000 copies of "Time Tech" have been sold and the book has become a best seller in the ROK. Mass media have spread its theory to attract wide-ranging public attention. It is a new theory on business administration and the title itself has become a household word.

The main point of this theory is: No matter how much working hours are extended, productivity cannot increase in an information society. Instead, businesses should compete in "quality" and "speed."

The ISRI has made public that this theory has exerted large influence upon the enterprise and the administrative reform movement in the ROK. It has not only given rise to new systems—of shortening waiting time for customers, supplying customers with quick services, dealing with customers' requests without delay, and approving loans in one day—but also laid a foundation for allowing more and more enterprises to let their employees take every other Saturday off and work convenient hours.

The author of the book stated: "If the Chinese overcome their own peculiar "slow-moving" habit and begin to progress quickly, they may be able to achieve great success. Therefore, I now honestly wish the theory had been introduced to the Chinese after we have utilized it more."

President Kim Speaks on Day of Trade 30 Nov

SK3011062194 Seoul KBS-1 Radio Network in Korean 0120 GMT 30 Nov 94

[Speech by ROK President Kim Yong-sam on the Day of Trade at the Korea Exhibition building in Seoul—live]

[FBIS Translated Text] My fellow workers and businessmen across the country, and my fellow countrymen:

Today, we are marking the 31st Day of Trade. On this meaningful day, I would like to extend my warm encouragement to you, workers and traders, who have been working hard without complaint even under difficult circumstances. At the same time, I extend my heartfelt congratulations to you, awardees, who have made distinguished contributions to increasing trade volume.

In retrospect, we have so far achieved surprising development which the people of the world are admiring.

Some 30 years ago, our trade volume only recorded about \$100 million; but, now, we are looking forward to occupying a peak of \$100 billion.

The national per capita income, which was about \$10 billion [figure as heard] will reach the level of \$8,500.

Our country has developed from a backward agricultural nation into the world's 12th largest trading country; and has been transformed into a dynamic industrial country, to which the whole world is paying attention. Trade has served as the driving force leading our country to today's prosperity.

My fellow businessmen and workers:

The world's trade environment is rapidly changing. The integration of the European Union is being intensified; and the North American Free Trade Agreement has been concluded, thereby showing that regionalism is expanding.

Next year, the World Trade Organization system, which will lead the future international trade order, will begin operating. Now, the world is entering into an era of competition without borders.

The latest forum of the Asia-Pacific Economic Cooperation [APEC] provided an important momentum to add spurs to the liberalization of trade and investment in the Asian-Pacific region in conformity with the rapidly changing world trade order.

I just learned right here in this hall after I arrived: At this very moment, the U.S. House of Representatives just passed into law a bill regarding the Uruguay Round.

Through the APEC summit talks and my visits to three countries in Asia and the Pacific, I exerted my best efforts to realize the liberalization of trade and strengthen cooperation in the Asian-Pacific region and to promote, above all, our national interests. The success of my latest tour was achieved by the backing of the legitimacy of the government and the enhanced strength of the country.

Fellow businessmen and workers:

The countries of the world are concentrating all of their wisdom and efforts on increasing their competitive power in the face of the stark reality of boundless competition. The advanced countries are continuously developing ultramodern products on the basis of their technological capabilities; and late-running developing nations are fiercely running just behind to catch up with us on the basis of their cheap labor force.

I am very glad to see the fact that even in such a difficult environment, our trade has recently been regaining vitality. Our trade to advanced countries had once steadily decreased; but it has now been increasing; our trade structure, too, is becoming highly modernized, while priority is being given to the heavy and chemical industrial products.

However, we should make further efforts to manufacture higher-class products through technological development and improvement of quality with a view to winning victory in an earnest competition with the advanced countries. And, I also think that the structure of the exports industry, too, should be more highly modernized.

Fellow businessmen and workers:

Coming through numerous adversities, we have so far repeatedly achieved remarkable development and we have now reached the threshold of becoming an advanced country.

We are faced with a mission of the times to lay a firm foundation for leaping forward toward becoming an advanced nation before going into the next century. To this end, we should cultivate strength—at an early date—with which we can win success in the international arena.

Without increasing the national competitive power, we could not expect to realize the increase of trade volume; and without increasing the trade volume, it would be impossible for us to expect to achieve steady progress.

In order to increase the national competitive power, we should realize the globalization in all fields, political, social, and cultural as well as economic. All people and the government should make efforts on a nation-wide scale to achieve globalization.

The government will be the first to add spurs to the reforms aimed at increasing our competitive power. Enterprises, too, should make further efforts to develop new products, new technologies, and should expand the range of their activities to every nook and cranny of the world. There world offers a challenge and an opportunity.

We should work with the belief that the entire world is our market and is (?an exhibition place) for our products. This is exactly what globalization of the trade industry is.

The government will exert its utmost efforts to back the enterprises in increasing their competitive power and trade.

A great change is being effected in the whole world today. World countries are doing everything that is profitable to their own national interests.

I have been surprised once lately. Australian Prime Minister Keating talked to me in private. For a long time, Australia has remained a member of the British Commonwealth. The British queen is the symbolic head of state of the country, while her governor-general is working on her behalf. He told me: We are going to break away from this relationship. We are going to remain an Asian-Pacific country for the benefit of our own national interest. We wish to cooperate with a country like the ROK. I thought then that he was telling this to me alone. But, he was openly telling this to me in the presence of the governor-general and all other leaders.

I heard Prime Minister Keating himself openly say: While I am working as prime minister, I will have the Constitution revised; and have our country secede from the British Commonwealth and have it become a republic. I was greatly impressed to see the fact that today, all countries in the world are harboring such a surprising, revolutionary perception of completely abandoning what they must for their own national interest.

The government will push for the question of developing technology, training manpower, and expanding social overhead capital without a hitch; and will lend as much support as possible to the small- and medium-sized enterprises in their pioneering overseas markets. I will see to it that the government will drastically lift various kinds of restrictions that hamper export activities.

My fellow businessmen:

Through the latest APEC summit talks and my tour of the three countries in Asia and the Pacific, I witnessed that the world is rapidly changing into a market without borders, and I keenly felt the need to realize the globalization of our economy. To achieve this, we should effect a bold turn in the way we perceive things.

In order to become an advanced country, competition within our country is of course important, but, competition in the world market is more important. We should surely win victory in our competition with advanced countries in the field of our key industries, such as electronics, automobiles, and machinery.

We also should elevate our way of perceiving things to a higher level, in terms of our industrial policy, in such a way as to break away from the small domestic market, and then to advance into, and manage, the world market.

The government will encourage, to the greatest extent, a free and fair competition in the domestic market first. Enterprises should also now comply with the fair order of competition; and they should set a goal to become the world's best by specializing their business lines in specific items. This is a strategy for globalization, to find an opportunity in the world and manage the world.

My fellow countrymen:

Globalization is also a task we should accomplish for posterity. We should do our best today so that the next generation can play a central role in the world stage. All of us should regard globalization and increase of the national competitive power as our guideline of this era and should put this into practice.

I hope that all people and public servants, as well as businessmen and workers, will pool their efforts to realize this task of the times in perfect harmony.

Let all of us join hands to march forward toward the future, run together, and save our fatherland! Thank you. [applause]

Vows Support for Small Industries

SK3011030694 Seoul YONHAP in English 0157 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— President Kim Yong-sam vowed Wednesday to extend

the maximum available support to help small industries explore new overseas markets.

Speaking at a ceremony marking the 31st export day held at the Korea Exhibition Center in southern Seoul, President Kim said the government would remove all regulations found detrimental to small firms' export activities.

He also emphasized the need to build up the nation's competitiveness.

"Without elevated competitiveness of the nation, we cannot look forward to export increases, and without export expansion, we can hardly attain steady economic growth," the president asserted.

Kim said the government would foster a climate of free and fair competition beginning with domestic business dealings first. "You industries should respect the order of fair competition and aim to become the world's best industries by specializing in your respective business lines," he said.

In order to build up national competitiveness, Kim said, globalization should be realized in all walks of life and nationwide efforts must be made to this end.

He said the government would step up its reform programs in a bid to become more competitive than before, stressing that the private sector too should work harder to develop new goods and know-how and expand its overseas-geared activities.

"To successfully compete with advanced countries, we must turn out higher-quality goods and further advance the export industrial structure," the president said.

Exports, Imports Performance Trends Reviewed

SK3011070094 Seoul YONHAP in English 0621 GMT
30 Nov 94

[By Hwang Sok-chu]

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— In contrast to the ceremony marking "trade day" in 1993, this year's event featured a touch of optimism owing to a robust export performance.

Having become the first single business to top 10 billion U.S. dollars in exports, the Samsung business group encouraged the mood. In fact, the government, which faced difficulties due to last year's dull exports, had to adjust upward the export target twice this year.

But the export feast was not the result of only Korean efforts. The Korea Foreign Trade Association (KFTA), for one, said the export recovery was due not so much to internal factors such as built-up export competitiveness but to outside forces like the strong Japanese yen and economic revival in advanced nations.

On the other side of the coin, a steep rise in imports going well beyond government expectations is causing

the trade deficit to widen. In a word, exports are running but imports are flying, putting frowns on the faces of those concerned with trade.

January-October exports amounted to 76.2 billion dollars, up 14 percent over the same period in 1993 or double last year's growth rate of 7.3 percent. Those were the highest figures since 1988 as well. Nevertheless, KFTA officials are not satisfied.

Because of the mighty yen, Japan's export unit cost this year has risen to 132.0, while that of South Korea slid to 99.8, generating a relative price edge for Korean goods against Japanese products. And the full-fledged business recovery in advanced nations has helped increase South Korea's outbound shipments.

At the same time, imports also soared, centering on goods for domestic facility investment. The trend is expected to continue because these facility goods are mostly for producing export goods. The import growth of such capital goods is directly linked to South Korea's trade deficit with Japan.

Raw material imports also saw a big increase of 12.3 percent as the working ratio of manufacturing this year has been running at 81.9 percent.

In addition, sharply higher growth in imports of agricultural and marine products—aimed at calming down domestic prices—labor- intensive goods and costly consumer items has been seen. October imports of consumer goods chalked up a record of over 1 billion dollars. A whopping 100 billion dollars will likely have been spent on imports by the end of the year.

In turn, this year's exports are expected to hit 94 billion dollars, leaving a trade deficit of 6 billion dollars. That's why the KFTA officials are gloomy. But that's only the tip of the iceberg: They envision more problems looming next year.

The prices of international raw materials, already showing a remarkable ascent, are poised to spiral next year while oil prices should also rise due to increasing demand in advanced nations and a possibly unstable supply from the petroleum-producing countries. That will, of course, do harm to South Korea's export competitiveness.

Making matters worse, the strong yen and Deutsche mark look ready to reverse and begin weakening. All of these outside conditions do not augur well for the country's exports.

The bottom line? The KFTA officials forecast that next year's trade deficit will reach 8 billion dollars due to an export slowdown and continued growth in imports.

Minister on President's 'Globalization' Policy SK3011072794 Seoul YONHAP in English 0710 GMT 30 Nov 94

[Embargoed by YONHAP until 1050 GMT 30 November]

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— Foreign Minister Han Sung-chu, in his first public comments on the presidentially decreed "globalization" Wednesday, cited South Korea's admission to the Organization for Economic Cooperation and Development (OECD) as the initial test.

"In the midst of our globalization, efforts to promote international cooperation and adapting to the post-Uruguay Round world order, the difficult situation confronting our diplomacy is well displayed by the issue of OECD membership," Han said.

Entry to the OECD means having the opportunity to deal flexibly with trade negotiations on world issues from the very beginning of such talks, he said, speaking after a dinner with the South Korean committee marking the 50th anniversary of the United Nations' founding.

"To approach the OECD membership issue solely from the perspective of immediate benefits and losses is certainly short- sighted," said the foreign minister. "The burdens that come with OECD entry are those that will come to us regardless of the OECD, tasks that we have to solve ourselves to pursue our national interest."

Applying the idea to inter-Korean relations, Han called for Seoul's own globalization by shedding the chains of the past and turning toward the world "to broaden the horizon."

"The post-Cold War era is an era of economic power. Whom the international community including the four superpowers will choose between nations who differ by twice the population, 15 times in economic size, is clear," said Han, comparing the status of South and North Korea.

"Of course the United States and Japan, and even China and Russia, will be closer to us," he said.

Han offered a new look at the U.S.-North Korea nuclear agreement under which neither Seoul nor Pyongyang wins or loses as North Korea improves ties with the United States and Japan.

"North Korea's (establishment of) relations with these countries means North Korea must start following international law and order. This is very discomforting for North Korea but actually helpful to us," Han asserted.

The challenge in Seoul's globalization efforts will lie in harmonizing the imbalance in material and spiritual exchanges. Han said in winding up his speech.

"Almost all nations of the world had gradually and proportionately expanded their material and spiritual exchanges with the outside, but in our case, the material exchanges grew at surprising speed without time to keep this balance," he said.

Closing this wide gap is what caused South Korea to pursue globalization efforts, he said in the speech.

"Diplomatically, globalization of our mentality is closing the gap between world flow and domestic perspective... This means actively and flexibly participating in the world flow, respecting freedom and diversity in our society, and expanding our intellectual horizon to the outside world," he said.

Farmers, Students Rally Against Uruguay Round SK2911103094 Seoul YONHAP in English 1013 GMT 29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—About 15,000 farmers and activist students rallied in Seoul Tuesday afternoon demanding an increase in the government-purchasing price of rice and voicing their opposition to the Uruguay Round agreement.

At the rally staged at the Boramae Park in Yongdungpo, farmers asked the government to raise its rice purchase price by 8.1 percent, buy 12 million sok of rice this year, and retract a plan to ratify the Uruguay Round [UR] agreement at an early date.

Yun Chong-sok, president of the National Association of Farmers Unions (Chonnong-hoe), said at the rally the government's freezing of rice purchase price and planned ratification of the UR arreement early would only threaten the survival of farmers.

He said farmers would carry on all-out struggles until the government withdraws the freezing rice purchase price and work out due measures to protect farmers against the Uruguay Round agreement.

Yi Ki-taek, president of the opposition Democratic Party, charged in a speech that the government has frozen the government purchasing price of rice despite the fact that prices have risen 10 percent this year, and unreasonably plans to purchase 300,000 sok less rice this year than last year.

"My party will vigorously try to block the ratification of the Uruguay Round agreement until an UR implementation law is enacted to protect our farmers," Yi said.

After the rally, many participants marched 4 kilometers to the Yoido Square. The police deployed about 15,000 riot police along the street but no major violence was reported.

President Kim Urges Passing of 1995 Budget Bill SK3011080494 Seoul YONHAP in English 0649 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— President Kim Yong-sam said Wednesday that parliamentary passage of the 1995 budget bill by the Dec. 2 deadline is an obligation stipulated by the country's constitution and hence there is no reason to create any clause to that effect. [sentence as received]

During a lunch meeting at Chongwadae [presidential offices] with newspaper managing editors, Kim emphasized the need to abide by the Constitution, which was worked out jointly by the ruling and opposition parties.

In the past Yusin (revitalization reforms) period under President Pak Chong-hui, Kim noted the existence of struggles to destroy the so-called revitalized constitution.

"This is not the time to do so," he said.

In connection with the escalating corruption involving tax officials across the country, Kim said he has ordered a thorough investigation into suspected irregularities.

"No one is exempt from stern punishment if he is found to have committed irregularities," Kim stressed.

As to his recent call for internationalization, he stated that his globalization program will succeed when it is joined by the people and supported by the press.

With regard to Kim's remark on next year's budget bill, a Chongwadae official explained that the president was accenting the importance of the legal deadline. "As the president entrusted the ruling Democratic Liberal Party with steering the National Assembly, the party will take necessary measures on its own to pass the budget bill."

Opposition Party's Factions Engage in 'Scuffle'

SK3011065794 Seoul YONHAP in English 0539 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— Dissident members of the opposition Democratic Party, the so-called reformative group, are stepping up their challenge to party "godfather" Kim Tae-chung.

Their challenge to Kim is noteworthy since it comes as the party's factions are likely to reorganize amidst the recent extra- parliamentary struggle waged by the DP.

One member of the group, Rep. Che Chong-ku, made sarcastic remarks about Kim's recent urging of DP lawmakers to halt their parliamentary boycott and return to the National Assembly to press the issue of the Dec. 12, 1979, military "rebellion."

Earlier the group's leader, Rep. Yi Pu-yong, said in an interview with a weekly magazine that Kim should have admonished his political juniors silently rather than speaking out openly.

Amid the worsening conflict between the group and the Tongkyo-tong faction, Kim's political followers, there was a brief scuffle at a DP caucus meeting Tuesday between Rep. Che and Rep. Pak Kwang-tae over the former's criticism of Kim.

Several members from each side shouted in support of their own man, driving the meeting to the edge of "all-out" confrontation.

But their anti-Kim stance is being either encouraged or reprimanded altogether.

Some members of the party are critical of the group's challenge to Kim, saying it is not appropriate in terms of timing. But some react otherwise and even encourage their "fresh" challenge to Kim's charisma.

Although there is an opinion that the group is taking organizational steps against Kim, the majority believes that the group's criticism is nothing but a "temporary" movement.

Observers feel the group's criticism of Kim surely encouraged DP Chairman Yi Ki-taek, who has led the struggle to indict the military "rebels" involved in the Dec. 12 military incident.

Nevertheless, they are reluctant to admit that the dissident group's latest remarks are not an organized movement against Kim.

Other observers, however, predict that the dissident group may ally itself with Chairman Yi's faction to stage a future challenge to the largest faction—Tongkyo-tong.

Comprising 20 lawmakers, the reformative group is the third largest faction after Tongkyo-tong's 56 and the Yi Ki-taek faction's 35.

The Tongkyo-tong members seem to attach little importance to the reform group's actions, but the dissidents are emerging as an influence on the party's future course of action.

Public Officials Prosecuted for Accepting Bribes SK3011081094 Seoul YONHAP in English 0729 GMT

SK3011081094 Seoul YONHAP in English 0729 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— The Seoul District Prosecutor's Office on Wednesday prosecuted no fewer than 60 people including 31 middleand low-echelon public officials, who allegedly took bribes to reduce tax assessments or clear contraband through customs.

In an all-out probe into corruption involving middleand low- grade civil servants, the prosecution took legal action with physical detention against 37 persons including 24 tax officials and a Seoul city councillor, and without detention against 23 others.

The public officials prosecuted work at Seoul City Hall, ward offices, county offices, the National Tax Administration and the Korean Customs Administration.

Among those detained is Yi Kun-tae, 53, of Seoul City Hall. While serving as housing division director at the Kangnam ward office in Seoul from March 1991 to June 1993, Yi, in collusion with his subordinate O Chong-sop, 41, allegedly received bribes worth over 140 million won (175,000 U.S. dollars) including entitlements to own three housing units in return for issuing a permit to build a housing complex to the Chongdam-tong Tenant-Housing Association.

Yi Tae-nak, 36, a property tax clerk at the Seoul East Tax Office, is suspected of having taken a bribe of 35 million won (43, 750 dollars) for reducing transfer income tax by 115 million won on behalf of a certain Yun who sold a building.

Si Kyong-su, 43, of the Seoul Kwanghwamun Tax Office, Sin Hong-sun, 49, of the Seoul Namdaemun Tax Office, and Pak Yong-il, 39, of the Seoul Yongsan Tax Office, were arrested on charges of reducing transfer income tax by 110 million won (137,500 dollars) for a taxpaper named Paek Wan-kyu, 43, in November 1991. Paek allegedly paid them 15 million won (18,750 dollars) in bribes.

General Fired for Criticizing Military Leadership SK3011083394 Seoul YONHAP in English 0810 GMT

SK3011083394 Seoul YONHAP in English 0810 GMT 30 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 30 (YONHAP)— The Army relieved Maj. Gen. O Hyong-kon, vice commander of the 1st Army, of his post Wednesday for openly criticizing the military leadership, politicians and the press when he stepped down as superintendent of the Third Army Academy in October, the Army said Wednesday.

O was placed on a waiting list at Army headquarters, the spokesman said.

A special military committee investigating the case led by the Army vice chief of staff revealed that Gen. O had expressed his own feelings which have nothing to do with private groups within the military such as Hanahoe, a grouping of "political soldiers" during the past military regimes.

The Army, however, decided to discipline O in accordance with Article 24 of the Military Service Code, which stipulates that soldiers must report their opinions on management of the military to their superiors by the chain of command, the spokesman said.

O also violated Clause 3 of the army objectives which calls on Army generals to enhance the national interest and support national policies in public, according to the Army spokesman.

The military personnel rule tasks the Army Personnel Committee with deciding whether or not a soldier with the rank of warrant officer or above should retire if he has held no post for more than three months.

Bank Reports on Current Account Deficit

SK2911090194 Seoul YONHAP in English 0805 GMT 29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)—South Korea's current account balance in October showed a deficit of 65 million U.S. dollars, bringing the shortfall for the first 10 months to 4.5 billion dollars.

As this month's account is also set to post a deficit while some improvement will come in December, the 1994 current account deficit is projected to surpass 4.5 billion dollars.

According to the "Trend of October's balance of international payment" issued by the Bank of Korea, exports increased 27.7 percent to 8.51 billion dollars over the same month last year, a monthly record since October 1988 saw 35-percent growth.

Imports reached 8.57 billion dollars, the second highest since August's 31.5-percent increase.

The October export-import amount broke a monthly record on the balance of international payment basis as well as on a customs clearance basis.

Owing to the solid export growth in October, the month's deficit was 62 million dollars, down considerably from 264 million dollars in September.

October's invisible trade generated a deficit of 111 million dollars, falling from 418 million dollars in September, and unrequited transfers marked 100 million dollars, a rise of 28 million dollars from a month ago.

Despite the strong export performance, sharp growth in imports—42.6 percent in capital goods, 20 percent in raw materials and 33.6 percent in food and consumer goods—prevented the country from escaping from the shortfall trend.

As a result, the January-October deficit in current account balance reached 4.5 billion dollars, up eight-fold from a year earlier.

"In light of the trade balance until Nov. 25, it is difficult to avoid a current deficit of 4.5 billion dollars and even in December when exports usually increase due to bad factors in invisible trade," a bank official said.

Ulchin Competes for Nuclear Waste Facility Site SK2911085394 Seoul SEOUL SINMUN in Korean 29 Nov 94 pp 1, 3

[Report by Yi Tong-ku from Ulchin]

[FBIS Translated Text] The residents of Kisong-myon, an area under discussion as a likely site for a nuclear waste facility, in Ulchin County, North Kyongsang Province, have sent a letter to pertinent government agencies, including the Ministry of Science and Technology, appealing for the construction of a radioactive waste treatment facility in Kisong-myon. They have also decided to conduct an open debate on the pros and cons of such an idea, thereby attracting public attention.

On 28 November, the Committee To Build a Radioactive Waste Facility (chairman: Cho Hong-kun) in Kisong-myon, Ulchin County, has decided to carry out an active movement to become the site of a nuclear waste facility, and sent copies of a letter appealing for

such an idea to 12 relevant government agencies, including the Ministry of Science and Technology.

The letter categorizes relevant questions into seven parts and lists why they are trying to attract such a facility, writing: "At the moment, atomic power stations are concentrated in Kisong-myon. As it is located in a coastal area, Kisong-myon is the best place to discharge a large quantity of waste materials from the atomic power stations across the country. If a nuclear waste facility is built here, the government will invest 50 billion won in a fund to develop this area. A backward area like this will be developed, which will make a balanced development of the country possible."

In particular, the committee has decided to conduct an open debate on the pros and cons of this idea with the struggle committee against the construction of a nuclear waste facility (chairman: Yim Won-sik) in early December.

In this connection, the committee led by Cho Hong-kun is calling for the construction of a nuclear waste facility, saying: "Due to the low value of land in Kisong-myon, it will be easy to secure a site. In addition, because a small number of people live here permanently, the government will only have to spend a very small amount to support this area in accordance with a relevant law."

The committee members have said in a denunciative tone: "The minister of science and technology has been postponing the selection of a site due to fierce opposition from the residents living in neighboring areas. His act has left us doubtful about his ability to manage state affairs."

The Ministry of Science and Technology has recently decided it will announce a selected area for a nuclear waste facility by the end of this year. On 16 May, the Kisong-myon side presented to the ministry a petition containing 2,151 signatures of Kisong-myon residents, 57 percent of the total number of residents, who support the construction of a nuclear waste facility in Kisong-myon. Now that six months have passed since they sent the petition to the ministry, Kisong-myon residents are trying again to attract such a facility. It seems that their latest move will exert great influence on the government in selecting a site.

In this connection, the residents living in other areas in Ulchin County have formed civil organizations to oppose the construction of a nuclear waste facility or any other kind of atomic facility in the Ulchin area, and have been carrying out an organized opposition movement. Therefore, there is concern that a conflict will arise between those residents.

Reorganization of Television Stations Planned

SK3011071194 Seoul HANGYORE SINMUN in Korean 30 Nov 94 p 1

[By reporter Yi Kun-yong]

[FBIS Translated Text] It has been learned that in connection with its plan to reorganize the setup for broadcasting organs, the government is pushing ahead with a policy to change the KBS [Korean Broadcasting System] Corporation's KBS-2 television station into a commercial station and to merge the Education Broadcasting System [EBS] station into KBS.

According to the Ministry of Information and EBS on 26 November, the Information Ministry's director of the Broadcasting Media Bureau, So Chong-hwan, met with Pak Sang-ho, chairman of EBS's Labor Union, at the latter's office on 26 November and told him: The Ministry of Information will make public its official policy regarding the reorganization of broadcasting organs by the end of March next year. This policy includes a plan to merge EBS with KBS and to convert the KBS-2 television station into a commercial station.

Rumors that the KBS-2 television station will become a commercial television station have been circulating, but this is the first time that these rumors have been confirmed by a government official concerned.

Bureau Reports Rise in Industrial Activities

SK2911112694 Seoul YONHAP in English 1122 GMT 29 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 29 (YONHAP)— Last October saw South Korea's industrial activities rise substantially with the unemployment ratio plunging to the lowest in history.

A trend of industrial activities in October, made public by the Statistics Administration Tuesday, said industrial activities grew 15 percent in October over the same month of last year.

Excepting last January when it soared 18.7 percent, the October expansion was the highest since June 1991 when the growth was 19.6 percent, the administration said.

The average operational rate of manufacturing industries stood at 83.7 percent, up 0.2 percentage points over the previous month, while the unemployment rate was 2 percent, same as the lowest rate in history recorded in June and August 1991 and June 1992.

Also in October, wholesale and retail sales increased 8.9 percent over a year before to indicate that another round of spending spree is coming fueled by steady business expansion.

In particular, the shipment of durable goods like automobiles, hand phones, VCR's and furniture swelled as much as 17.1 percent in the month, the administration said.

ROK Plans To Boost Power Supply Capacity

SK3011014294 Seoul THE KOREA HERALD in English 30 Nov 94 p 8

[FBIS Transcribed Text] The government has decided to boost domestic power supply capacity by a total of 15,051 megawatts between 1995 and 1998.

The total represents an increase of 2,930 megawatts from the original plan for the period. Under it, the government had intended to build 29 new power plants with a combined capacity of 12,121 megawatts by 1998.

The revision of the plan was based on a new projection of power consumption. According to the Ministry of Trade, Industry and Energy (MOTIE), the maximum power demand is expected to go up to 36,243 megawatts in 1998, some 10,000 megawatts higher than this year's high.

This projection of peak-time power consumption for 1998 is only 2 or 3 percent less than the entire power supply capacity that the nation will have when the original plan is implemented without revision.

This margin, called the power reserve ratio, is too small for the government to be sure of a stable power supply. According to MOTIE officials, the proper reserve ratio is 12 percent.

To raise the ratio to this level, the government plans to add nine new plants to its previous plan. They will be added to the combined-cycle power plants in Ulsan, Poryong and Sochon and hydro and steam turbine power plants in other places.

At the same time, the ministry plans to advance the completion of 11 plants now under construction by 2-24 months to prepare for a possible power crisis in 1995 and 1996.

This summer, the nation experienced a crisis where the power reserve ratio dropped to the dangerous level of 3 percent. The power shortage was caused as people turned up their airconditioners at home and office to cope with the unusually hot weather.

According to MOTIE officials, the 11 plants, whose combined capacity is 4,460 megawatts, will be all dedicated before June when power consumption begins to shoot up.

The ministry also plans to spend 3.6 trillion won (about \$4.5 billion) on laying new electricity transmission lines and setting up new transformer substations to prevent wide-area blackouts.

For effective management of power demand, the ministry will introduce a new electricity pricing system under which industrial plants will be given discounts when they reduce power consumption under certain levels during peak hours.

The ministry also plans to increase its support to firms which adopt new cooling systems using less electricity than normal airconditioners.

When all these measures produce expected results, the power reserve ratio will go up to 10.5 percent in 1995, 11.5 percent in 1996, 15.1 percent in 1997 and 17.9 percent in 1998, according to the ministry.

* Tongyang Steel Company President Interviewed 952C0017C Seoul CHUGAN MAEGYONG in Korean 12 Oct 94 p 51

[Interview with Pak Min, president of Tongyang Steel Company; place and date not given]

[FBIS Translated Text] Tongyang Steel Co. President Pak Min, who is busy putting the finishing touches to the new plant on the eve of its completion, said, "with the completion of the new plant, my company will make leaping strides." He reiterated that he will not neglect to introduce and develop more new equipment to improve the quality of products and productivity. The following is the interview with him.

[CHUGAN MAEGYONG] What does the completion of the No. 5 plant signify?

[Pak Min] With the completion of the new plant, the annual aluminum production capacity of Tongyang Steel Company will increase by 18,000 tons. In other words, the capacity will increase from 36,000 tons to 54,000 tons. But I don't think the increase in the production capacity is the only merit. More importantly, the products of the new plant will be aluminum materials used in such large-scale industries as high-speed railway, shipbuilding, and aircraft. That is why I like to take pride in the fact that ours is a second-generation factory which will contribute to consolidating the foundations of the nation's heavy industry. The completion of the new plant also has a symbolic significance in that it has provided a momentum for our company to leap forward.

[CHUGAN MAEGYONG] Another feature is that it has been completed by the joint efforts of advanced multinational companies, isn't it?

[Pak Min] The plant will not only produce industrial materials for our domestic social overhead capital market but it is also intended as a gambit to enter the Southeast Asian and Chinese markets. Currently, advanced Japanese technology is eyeing the large social overhead capital market in Asia. But when our technology is combined with the technology of (Bau Aluminum Company), which completed the European high-speed electric railway, I believe we will be capable enough to compete with Japan. That is why we added an American-made hydraulic machine to the main body built in Poland, and had German technology tied up with us.

[CHUGAN MAEGYONG] Will the share of furniture decrease relatively?

[Pak Min] No. The furniture items produced by our company will be in a class by themselves, distinctly different from the products of other companies, because they will be high added-value, high-tech office furniture items, not medium- and low-priced furniture for home use. While maintaining the technical tie-up with Okamura Company of Japan, we will not neglect efforts to produce high-tech furniture.

* Conglomerates Expand Business Via Hospitals 952C0017A Seoul CHUGAN MAEGYONG in Korean 12 Oct 94 pp 12-13

[By reporter Yun Ku-hyon]

[FBIS Translated Text] An age of relentless competition is dawning in the medical business as conglomerates step up their entry into the medical service sector.

In the last several years the medical service structure has been maintained with university medical centers at the top. But existing hospitals are getting caught in a vortex of competition, with entry by conglomerates rich in capital and management know-how. Particularly hospitals run by the Hyundai, Samsung, and Daewoo groups are staking their reputation in the competition as the affiliates of these conglomerates do in other business fields. These hospitals are expected to demonstrate their genuine commercial skills in remedying the chronic ill practices such as utter disregard for service and the absence of competition.

Hospitals operated by conglomerates will attach the first and foremost priority to service to the patients, and this prospect is causing existing university medical centers a sense of crisis because they have been accustomed to authoritarian practices in the past. To survive in competition with hospitals run by conglomerates, each of the exiting university medical centers is engaged in a drive to remold the mental attitude of its personnel, while adding spurs to the establishment of special clinics, with a view to boosting its competitiveness in the areas of speciality where it has a strong competitive edge.

The conglomerates that are currently building or have already built hospitals are the Samsung, Daewoo, Hanjin, and Doosan groups.

The Hyundai Group, which was the first conglomerate to enter the medical business, has built hospitals in Pungnap-tong, Seoul, and in other localities across the country. The Samsung Group just opened a newly built medical center in Ilwon-tong, Seoul, on 1 October, presaging a fierce competition with Hyundai's Pungnam hospital in the Kangnam area in Seoul. The Daewoo Group opened the newly built Aju University Medical Center in Suwon last month, and the Doosan Group is pushing forward with a plan to build a hospital in Pundang.

These conglomerates decided to enter the medical business primarily because this field being a highly serviceoriented one, they hoped that their entry would have a high publicity effect of creating the image that they are serving the good of society. Some observers speculate and the speculation sounds quite plausible—that some of the executives of these conglomerates experienced all kinds of inconveniences when they visited university medical centers for treatment, and felt a strong inner drive to do away with such inconveniences by having their "own hospitals," and this urge might have prompted them to enter the medical business.

Whatever their motives, these conglomerates have one thing in common in entering the medical business, that is, that their goal is to be "the first" or "the highest" worthy of their stature in the business world. The Asan Social Welfare Foundation, a Hyundai affiliate, opened Seoul Central Hospital in the late 1980's, setting a new tone in the medical business. The hospital recently doubled the number of beds to compete with the newly opened Samsung-operated medical center in the same neighborhood. In terms of the number of beds, Seoul Central Hospital has become the largest hospital in the country.

Seoul Central Hospital has 1,500 beds now and will add 1,159 more beds in the middle of October, bringing the total to 2,164 beds. With the opening of the East Wing as a momentum, the hospital will undertake to install automated equipment and attain the superspecialization in some areas of speciality. The new East Wing will have five specialized centers, namely, cardiovascular disease, cerebral neurology, nephrology, gastroenterolgy, and health maintenance.

These centers plan to maximize the effectiveness of treatment by having a comprehensive system of treating affected organs, providing specialized treatment of diseases by combining related cares and integrating all supportive operations. The hospital has set the goal of building its image as a research-oriented hospital by establishing a clinical research link with the Asan Life Science Research Institute and expanding the function of this research institute into clinical research.

The East Wing will have 18 stories above ground and five stories below ground level on a 3,331-pyong lot. Its main features include: an integrated information transmission system; an automated supply conveyance system; and a PACS testing system.

Under a strategy to develop the Pungnap-tong area in Seoul into a medical town, the Asan Social Welfare Foundation is reportedly pushing ahead with a plan to successively build a third wing, a memorial library, and a clinical research center.

Probably no one would object to the view that it was none but the Samsung Group that ignited competition among conglomerates in the medical business. Those who have visited Samsung Medical Center are unanimous in saying that the Samsung Group's reputation as a group aspiring for the first place in the business world is manifesting itself in the field of hospital construction.

The filmless X-ray camera and the automatic pathologic testing system installed in this medical center are the first such high-tech equipment ever imported from overseas. In addition, it has installed a positron emission tomography [PET] machine—previously, the Seoul University Medical Center was the only hospital that had a

PET machine. Samsung Medical Center has installed nearly all of the equipment only a few hospitals in the world have.

Samsung Medical Center, erected on a plot of 60,000 pyong in Ilwon-tong, Seoul, is a high-tech building with 20 stories above ground and 5 stories underground and has 1,099 beds. It provides medical service in 28 different medical branches with various specialty clinics and a medical research center.

One of the salient characteristics of Samsung Medical Center is the effective operation and management of various patient-friendly facilities. Each standard six-bed room has two toilets, a shower room, and a space for visitors. Unlike other hospitals, 64 percent of the sick rooms in this medical center have six beds each so that the patients can save on their room charges. Under the slogan "Do away with private care from sick rooms," the hospital also increased the number of hours spent by the nurses on direct care for their patients as a percentage of their total duty hours to 49 percent, far above the 26 percent prevalent in existing university medical centers. Particularly, the installation of an automatic medicinewrapping machine has drastically cut the waiting time, which used to be two hours. The hospital's goal is to reduce the waiting time to 20 minutes.

The Daewoo-run Aju University medical center which opened in September is the only tertiary-care medical institution in the Kyonggi area. This hospital has 14 stories above ground and 3 stories below ground level on a combined floor space of 33,833 pyong. It has 843 beds. It is equipped with high-tech medical gear. One of its

characteristics is that it has increased the size of each sick room to 27.5 pyong (the national average is 23.5 pyong) to make the patients more comfortable.

As each hospital operated by conglomerates begins to draw attention to its high-tech medical equipment and patient-oriented hospital management without exception, existing university medical centers are taking steps to retain their competitiveness in earnest.

Yongdong Severance Hospital and Kangnam St. Mary's Hospital now have new geographically close competitors as a result of the entry by the Hyundai and Samsung groups into the medical business in their areas. Recently Yongdong Severance Hospital has drastically expanded the parking space and established a pulmonary center and a center for women waiting for childbirth [chusanki centa]. Kangnam St. Mary's Hospital is doing its utmost to establish new special clinics in various medical branches, including a rheumatic clinic in the department of internal medicine.

On the basis of the finding based on their own survey that improvement in diagnosis and treatment has a direct relationship to an increase in the number of patients visiting the hospital, existing university hospitals are hurriedly taking steps to improve their systems of hospital operation by launching, among others, a kindness drive participated in by their entire medical staff.

Said a source in the medical profession: "The debut of hospitals run by conglomerates will draw the medical business, which has hitherto been known as a calm belt, into the whirlwind of competition, with a considerable impact on improving the past practice of hospitals treating the patients as picces of luggage."

Burma

* Thai Daily Comments on SLORC-Suu Kyi Ties

95SE0020D Bangkok THAI RAT in Thai 24 Sep 94 p 3

[FBIS Translated Excerpt] Thailand and several hundred other countries saw television pictures of the meeting between Aung San Suu Kyi and General Than Shwe, the chairman of the State Law and Order Restoration Council [SLORC] of Burma, and Lieutenant General Khin Nyunt, the secretary of SLORC. It can be said that the fact that Burma's military is taking a softer line, reducing the level of oppression, and talking with civilians in order to design a new administrative system for the future is a good sign.

As a neighboring country, we want to express our admiration for those Burmese soldiers who realize the importance of joining the world community. Competing for state administrative power, denying democratic rule, and refusing to accept the sovereign power of the people poses a great danger to the nation. The country will be isolated by the international community, people inside the country will rise up in opposition, and the country's development will be delayed.

Credit for this should go to Bill Richardson, a member of the U.S. House of Representatives, who visited Burma recently. He was permitted to visit Aung San Suu Kyi, the 49-year-old fighter for democracy who was awarded the Nobel Prize in 1991 and who has been under house arrest for 5 years now. This enabled her to contact the military faction directly. Following that, a senior Buddhist monk living in England followed up on that. [passage omitted]

We feel that both sides must gradually coordinate the transfer of power. This may take several years, but this must be done. Otherwise, the Burmese military probably won't give up administrative power, and the country will remain in a state of turmoil for many more years. Also, they will be opposed by the international community, and the ones who will suffer the most from an embargo will be the Burmese people. [passage omitted]

Refugee Repatriation From Bangladesh Reported

Arrivals on 15 Nov

BK2911124694 Rangoon THE NEW LIGHT OF MYANMAR in English 18 Nov 94 p 7

[FBIS Transcribed Text] Yangon [Rangoon], 17 Nov—Altogether 909 persons of 179 households arrived back from Bangladesh at the reception camps on 15 November under agreement reached between Myanmar [Eurma] and Bangladesh. Altogether 105,016 persons of 22,161 households have returned since 22 September 1992.

Arrivals on 16, 17 Nov

BK2911130194 Rangoon THE NEW LIGHT OF MYANMAR in English 19 Nov 94 p 6

[FBIS Transcribed Text] Yangon [Rangoon], 18 Nov—Altogether 2,614 persons of 205 households have

returned to reception camps in Rakhine [Arakan] State on 16 and 17 November. They were accepted under a Myanmar [Burma]-Bangladesh agreement. The total number of returnees since 22 September 1992 was 107,630.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Reproaches UN on Bihac Defense

BK2911160094 Kuala Lumpur RTM Television Network 3 in English 1430 GMT 29 Nov 94

[FBIS Translated Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed today hit out at the United Nations and the West for not making a concerted effort to save the Bosnians from Serb attacks.

[Begin Mahathir recording in progress] ...in Bosnia. It is clear that all this talk about human rights by the West is so much nonsense. Please report that in your press. The last time I said this, you are too careful not to hurt the feelings of those people. It is all a hypocrisy. They are to defend the people there, but they have done nothing and they are talking about withdrawing their troops. It is a very cowardly act when you are there supposed to save people and when people are attacked, you withdraw and leave people to be slaughtered. And yet they talked about human rights in Malaysia, human rights in other countries. I think it is better if they shut up. [end recording]

Dr. Mahathir was commenting on the United Nation's inability to prevent the Serbs from capturing the Bosnian town of Bihac, which had been declared as a safe haven by world bodies.

Editorial Views Heightened Fighting in Bosnia

BK2911095294 Kuala Lumpur NEW SUNDAY TIMES in English 27 Nov 94 p 14

[Editorial: "Elusive Peace"]

[FBIS Transcribed Text] The United Nations' Europeanled juggling act in Bosnia finally took some action to help it from having too many things in the air at once-Nato warplanes attacked Serb positions in Croatia last Monday. In so doing, it closed a loophole in the webwork of UN and Nato regulations that the Serbs had used to keep northwest Bosnia under threat—a gap in the no-fly zone over the country that opened to the Serbs a sliver of air space from the Croatian region of Krajina across the border. Before the Bosnian army's offensive over the last two months, there had been no real need to exploit the loophole in full, while its existence cleared UN commanders of the responsibility of doing anything to plug possible border incursions. Cut off by their big brothers in Belgrade, the Bosnian Serbs had to call on their Croatian brethren to aid and supply them against the army onslaught around Bihac. The call was duly

answered—with aircraft and missile attacks, as well as in men and materials—and the Bosnians were thrown back to the outskirts of the town itself, one of the six designated UN safe havens. Only then did the Security Council authorise the attack into Croatian territory.

The juggling act decrees that both sides must share equal mixtures of carrots and sticks that would conduce, it is fervently hoped, to peace. This peace is the 51-49 plan proposed by the so-called Contact Group countries in July. It is the plummest pudding that the group of sponsors could cook up against the bitter pill they had asked the Bosnians to swallow. Sitting pretty on 70 per cent of Bosnia-Herzegovina, the Serbs snubbed the plan and abjured any desire to withdraw into just over half of the country. Fascist bigotry was one big reason why they had backed off. But nearly as big is the natural insecurity of shameless aggressors in their jealous regard of illicit possessions—the fear that whatever was won by sheer and brute force will never be safe against an equally savage attempt to reclaim it. This was why the Serbs laid on their wheezes to derail the plan-their demands for access corridors and "constitutional arrangements to guarantee the sovereignty of the Serb Republic". Having the plan already shoved hard down their throats, the Bosnians could not be made to agree to such wanton detractions to their own survival as a nation. Relenting to such terms would have reduced the resulting Bosnia into a satellite State with no power to ensure its own protection.

The Serbs' refusal permitted the Bosnian army to launch an offensive, over and above the UN Command's disapproval. For example, after near-continuous Serb flouting of the Sarajevo ceasefire, it was the Bosnians who were severely reprimanded for their first serious violation. Indeed, they have had the lion's-share of the reproof served out to the belligerents by the UN peacekeepers, who, with the renewed fighting, had a lot more to do to keep the juggling act from falling upon their heads. Nevertheless, with the ending of the US enforcement of the arms embargo turning up the trickle flow of arms to the Bosnians, they were able to push out from Sarajevo in central Bosnia and from Bihac, to applause from a watchful world. However, this cheering may have been empty. Bosnian Serb leader Radovan Karadjic, out on a limb, could have decided at first to fall back, in order to persuade his more extremist colleagues to be more congenial to the plan. But lately, his isolation from Belgrade may have induced a rupture within the leading lights of the Pale Serbs. Among purely nationalistic warmongers, any pretence to compromise may be construed as treachery, so the Serbs, as they had been at the time of the plan's proposal, are again out to die harder.

Scolding the Americans for their glaring absence from the Bosnian morass, the Europeans were visibly dismayed by the decision to cease the embargo's enforcement. In extenuating the Serbs' gross aggression, the Europeans cite the historical complexity of the forces and interests applying in the Balkans, about the bugbear of Russia, and about intervention in a civil war. Lifting the embargo, they warned, would escalate the fighting, most likely, by drawing in Russia on the side of the Serbs. In this, they have mixed their traditional anxieties of the Russian bear and confused their desire to engage Russia in a multilateral settlement with their latent motives of excluding it from a decisive influence in continental European affairs. The Bosnians, meanwhile, as they have done since the era of the Romans, continue to struggle out of the shadowland between East and West.

Police Detain Former Deputy Al-Argam Leader

BK3011103194 Kuala Lumpur NEW STRAITS TIMES in English 29 Nov 94 p 4

[FBIS Transcribed Text] Kuala Lumpur Mon.—A former deputy leader of the outlawed Al-Arqam movement, Abdul Halim Abbas, was today arrested under the Internal Security Act (ISA) ending his three-month run from the law.

Abdul Halim, who had been in hiding since the movement was outlawed by the Home Ministry on August 25, surrendered himself at the Jalan Travers [Road] police station about 11.05am [0305 GMT].

Three weeks ago police detained former Al-Arqam deputy leader Fakhrul Razi Ashaari and Sabri Abdul Rani.

Fakhrul Razi, who is the son of former Al-Argam leader Ashaari Muhammad, and Sabri also surrendered themselves at the Jalan Travers police station. Both are still in police custody.

Police spokesman Superintendent Mohamed Ramli Mohamed said a team from the Federal police headquarters in Bukit Aman later picked up Abdul Halim from the station. He said Abdul Halim, who was one of the two former deputy leaders of the movement, is being detained under section 73(1) of the ISA which allows the police hold a person for 60 days to determine if he is a threat to national security. However, he declined to confirm how and when Abdul Halim returned to Malaysia.

He also did not want to confirm if Abdul Halim returned here from Thailand where he was widely believed to have gone into hiding after leaving Indonesia sometime in September.

Sources said with the latest arrest, police had completed their round up of former Al-Arqam leaders ahead of their target. Abdul Halim is the 11th former Al Arqam leader to be detained under the ISA since September this year.

Between September 2 and 24, police arrested eight others including the movement's leader Ashaari Muhammad and his wife Khadijah Aam. However, all were released after they had renounced their deviant teachings.

Singapore

Editorial Condemns Serb 'Victory' in Bihac

BK3011104294 Singapore THE STRAITS TIMES in English 30 Nov 94 p 26

[Editorial: "What a Bloody Shame!"]

[FBIS Transcribed Text] Who did Bosnia in? Who gave it to the Serbs? Who is responsible for the disgraceful surrender of the "safe haven" of Bihac? Who delivered the coup de grace ending an entire phase of contemporary Balkan history? The answer to each question can be found in the Byzantine corridors of power constituting the institution called the United Nations. It is there that peacekeeping was allowed to descend into appearement, a fiasco into a farce. The Bosnian Serbs have won a resounding victory in the latest round of the war. Where do the vulgar shouts of that victory echo? In the UN, to its shame.

But to blame the UN is to blame those countries which have caused it to behave this way. Disagreements between the Atlantic alliance and Russia and within the alliance between the U.S. and Europe mask fundamental differences in approaches to the Bosnian crisis. For the U.S., Bosnia was a European crisis in which the UN, the European nations, and the North Atlantic Treaty Organisation (NATO) needed to play mutually-supporting roles, a challenge of the first order. For Europe, it was a Balkan crisis that needed to be prevented from becoming a European one. For Russia, NATO's growing involvement injected an unwelcome note of great-power rivalry into the crisis and encouraged it to tilt towards the Serbs, who in any case were Slavic brothers-in-arms. Hence, the sorry spectacle of the U.S., which did not commit troops to the peacekeeping operations but pushed for air strikes on recalcitrant Serbs, squabbling with Britain and France, which did commit troops and hence, had an interest in ensuring that they did not have to suffer Serbian retaliation for air attacks. Hence too, the spectacle of the U.S. deciding belatedly not to enforce the international arms embargo on Bosnia and European countries complaining that this would cause the conflict to escalate (but without suggesting a better way of preventing further Serb encroachment).

It is a terrible tale, and many are implicated in it. For Bosnians hovering on the brink of a fait accompli, all this lies in the past. After years of death, rape, and pillage suffered to prevent the fragmentation of their land, the best that they can expect now is 51 percent of it for a Muslim-Croat federation. That, too, is uncertain because Serbian aggressors are in control of 70 percent of Bosnia. The Bosnian Serbs' incentive for cooperation under a plan offered by the U.S., Russia, Britain, France, and Germany is that they will have the right to confederation with rump Yugoslavia. The outcome will depend in some measure on the Serbian leaders in Belgrade who stand to gain from an easing of UN sanctions on Yugoslavia should they encourage the Bosnian Serbs to accept

the plan. As the dust settles on defeated Bihac, these floating scraps of paper are all that the Bosnians can try to catch. Each carries a tale of failure.

The failure of Atlantic unity, the sharp reminder of Russia's capacity for intransigence, the grim reality of the aggressor walking away with rewards: these are the lessons of Bosnia. There is another one, however, and perhaps the most important one of them all: the issue of peacekeeping itself. Let it be said again: the UN is to be commended for having launched the mission in Bosnia, so are the countries which have kept it going. However, a peacekeeping mission can hope to succeed only if its goals are clear and achievable and if they are spelt out before troops are committed. If they evolve in response to escalating stages of the conflict, then confusion, discord, and deadlock are only to be expected. When that happens at the political level, disagreement over particular military responses follows and compromises the credibility of the entire peacekeeping process. The aggressor, which is the stronger side in the conflict, can only benefit from this. The lesson of Bosnia, tragic as it is, is a case study in how not to go about keeping the peace.

Cambodia

Ranariddh: National Success Rests With People BK2911123494 Phnom Penh CAMBODIA TIMES in English 20-26 Nov 94 pp 23, 24

[Report by M.H. Tee]

[FBIS Transcribed Text] Phnom Penh—The success of this country's peace building and nation-building should start with the people. They should have a spirit of national reconciliation, respect for law and order, high priority for peace, stability and security, moderation, mutual respect, discipline, traditions, morality, and pragmatism. They should also recognize the value of education.

As the First Prime Minister, Prince Norodom Ranariddh said, "There is no peace without development, and there is no development without peace."

"Likewise, taking this nation's history into consideration, there can be no development without reconciliation and there is no reconciliation without development. Reconciliation can be had at different levels. It cannot be viewed as only between the Khmer Rouge and the Royal Government, but also between the returnees from the border and the people already here, as well as between this nation and its neighbours.

"The nation also urgently needs to set aside differences, to put the past behind, to safeguard the interests of the nation, and to look to the future positively," the Cambodian Institute for Co-operation and Peace said at the end of a two day conference recently.

Earlier, Prince Ranariddh, during an interview with the CAMBODIA TIMES in giving reasons for the success of the peace efforts, said, "Firstly, the local people themselves were determined to end their suffering. Secondly, all parties here co-operated with the United Nations, with the exception of the Khmer Rouge of course. And finally, we have a unifying figure in the King. There was also compassion from the international community and friendly neighbours like Malaysia and Indonesia who came to our rescue," he said.

That this nation is striving extremely hard for reconciliation in the face of great obstacles is applaudable. However, these reconciliation efforts are often hindered, as a result of terrorist activities carried out by the outlawed Khmer Rouge.

As reconciliation, development and peace are all interlinked, with one dependent on the other for success, it is time the international community take notice and put into effect, concerted efforts to eradicate the Khmer Rouge menace.

"This is essential, as eradicating the Khmer Rouge menace, and wiping out one major security impediment, will also mean that investors will have no more excuses for not investing their money here."

Special RCAF Team To Infiltrate Khmer Rouge

BK2911124894 Phnom Penh CAMBODIA TIMES in English 20-26 Nov 94 pp 23, 24

[Report by T. Mohan and Ouk Kimseng]

[FBIS Transcribed Text] Phnom Penh—The Royal Government is going all out to eliminate the insecurity caused by the Khmer Rouge in certain parts of the country. Towards this end, the Royal Cambodian Armed Forces (RCAF) has mobilised a "Physiological Warfare Team" to infiltrate the ranks and file of the Khmer Rouge.

This, together with reinforcement of district level administration to strengthen various procedures, has already seen considerable success as proved by the defection of the increasing number of Khmer Rouge fighters and their families.

In revealing this to the CAMBODIA TIMES, Co Minister of Interior, Yu Hokkri said, "The biggest success achieved by the Psychological Warfare Team is in Phnum Voar where several hundred Khmer Rouge fighters had given up their struggle against the Government and returned to the Government's fold."

This number constitutes almost all the guerrillas except for about 20, who had fled their camps to other Khmer Rouge controlled strongholds.

"This exercise must be completed before the legislation to outlaw the Khmer Rouge is enforced, which will be some time in January next year. Amnesty will be granted to those who leave, and they can chose to either start afresh with their families or rejoin the RCAF."

"It is essential to note that the Psychological War Team which infiltrate the Khmer Rouge bases will try and convince the entire Khmer Rouge family to defect, not just the fighters. This is of utmost importance as fighters, who leave their family behind in the jungles, might chose to return there at the slightest excuse," he said.

Hokkri added, that the commanders or their deputies of a particular zone will be sent back, if they volunteer, to their respective zones to administer that zone.

"Those people, who come over to the Government side, are honest people. Sure, there might be some infiltrators, but this has been taken into account."

"We must consider them as Khmers and not as enemies. Since they have chosen to come under the umbrella of the Royal Government, as citizens of this nation, we will welcome them. If we do not extend to them the same consideration as we would to our ordinary citizens, it will be seen as discrimination, and there might be some dissent, and this will not augur well for the amnesty programme put forward for the returning Khmer Rouge," the Interior Minister said.

Hokkri added that these ex-Khmer Rouge members will have to be well managed and placed according to their abilities and willingness.

"There has been a lot of progress in this respect and a lot of them have returned to the Government's fold, bringing along with them, their weapons and their families."

"Each zone that is cleared will be developed quickly to bring progress there. This will encourage the people from these areas to return to their respective homes and start afresh. Besides, occupation of Phnum Voar has also solved the insecurity along Highway Four and Three, which has for long been a matter of concern for travelers," Hokkri said.

He added that the RCAF and the Government is determined not to allow another debacle as experienced at Anlung Veng and Pailin.

"The RCAF is undergoing reform and there is a new sense of responsibility and attention to detail. We are determined to contain the Khmer Rouge and retain Phnum Voar," he added

Provincial Governor Vows To Wipe Out Khmer Rouge

BK3011032994 Phnom Penh REAKSME1 KAMPUCHEA in Cambodian 30 Nov 94 pp 1, 2

[FBIS Translated Text] "The Khmer Rouge are bringing in additional troops into Kompong Thom Province for a dry season offensive to seize Phnum Chi and make it another base after Pailin." This was affirmed to

REAKSMEI KAMPUCHEA correspondent on the morning of 28 November by Chieng Am, governor of Kompong Thom Province.

Phnum Chi, which straddles the border of Kompong Thom, Kratie, and Kompong Cham Provinces, is currently being disputed by government troops and the Khmer Rouge. The Khmer Rouge are currently putting pressure on a number of remote areas in Sandan District. On 31 October, the Khmer Rouge attacked Tumroeng commune and burned down nearly 80 houses. On 3 November militiamen in the commune, in cooperation with the district forces, retook the commune. A few days ago, the Khmer Rouge burned down three houses in a village in Krayea commune, in Santuk District.

Chieng Am also reported that in previous years there were only five divisions [kang pol] of Khmer Rouge troops. However, more troops have been brought in this dry season, and there are now seven divisions. He stressed that although the number of divisions has increased, the Khmer Rouge lack troops. For a division that has many troops, there are no more than 150 soldiers. For the most part, each division has no more than 100 soldiers.

The provincial governor added that the Khmer Rouge want Phnum Chi as a large base. With a gold mine on the mountain, it will make a large economic base. Furthermore, the area is well forested. Khmer Rouge troops are now surviving only by pressuring fishermen and loggers. That is why they want Phnum Chi all to themselves.

Chieng Am affirmed that he will cooperate with the two other provinces (Kompong Cham and Kratie) this dry season to wipe out the rebels in the Phnum Chi area to end the tug-of-war.

When asked whether the Kompong Thom situation will be as bad as in the 1990-91 period, the governor said the Khmer Rouge troops are in a very different position now than before. Now, they are outlawed rebels and isolated from the international community. The troops have lost morale and confidence in their leaders. Now, they surrender after they have carried out a robbery. "Am" [quotation marks as published] said he used only commune militiamen and district forces to retake the Tumroeng commune.

The Khmer Rouge division cannot even fight militiamen and the district forces, so how can they be strong. "Am" categorically said Kompong Thom will not be allowed to fall into the confused situation of 1990-91.

The Khmer Rouge are now deploying their seven divisions in remote areas in the districts of Sandan, Sambo, Prasat Balang, Baray... but are not able to do everything they want. The provincial governor affirmed that Phnum Chi will absolutely not be allowed to become a Khmer Rouge position.

Government Law on National Service Questioned

BK3011044594 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 30 Nov 94 pp 1, 2

[From the "This Issue's Comment" column]

[FBIS Translated Text] The Royal Government recently issued a press communique on the agreement over a bill on the duty to defend the motherland. The bill stipulates that male Cambodian citizens between the ages of 17 and 35 have to carry out in person the duty of defending the motherland for 18 months except in cases of genuine handicap. The communique says the bill will soon be submitted to the National Assembly for adoption and is expected to become law after that. This law is totally inappropriate for the current situation in Cambodia.

The Council of Ministers has agreed to combine this bill with the draft article on public service reform. The main aim of the draft article is to alter the number of civil servants in the whole Kingdom of Cambodia, where the number of troops is also expected to be reduced.

It has been recognized that Khmer Rouge rebels are intensifying their harassment and attacks on remote villages and communes in some provinces, such as Kompong Speu, Battambang, Banteay Meanchey, Siem Reap, Kompong Thom, and Preah Vihear. This requires the Khmer Royal Armed Forces to take counter measures commensurate with Khmer Rouge activities to ensure security for the people. However, according to the samdech second prime minister when addressing the National Assembly session on 22 November 1994, "Military expenditure is huge but not for buying weapons. Rather, it is for military reform," whose aim is expected to be like those of public service reform. At the same time, reports have also been received that the Royal Government has agreed with the proposal by the International Monetary Fund (IMF) to reduce the number of troops from 130,000 to 90,000.

The public believes that in such a situation the law on the duty to defend the motherland will become a utopian one, at least from now to 1997 due to a contradiction. Can Cambodian youths aged 18 to 35 be called on to defend the motherland for 18 months, while the number of troops is being reduced?

The first prime minister said on 20 November in Siem Reap Province that "government troops will not launch large-scale offensives against the Khmer Rouge this dry season.... However, small units of special forces will carry out activities only to oppose the Khmer Rouge, to harass their supply lines, and cut off communications to isolate their bases." It is understood that this statement sufficiently conveys the meaning that the royal government army has enough troops to fight the Khmer Rouge.

In such a situation, is the law on the duty to defend the motherland necessary or is this the appropriate time to promulgate it? If it is neither necessary nor the time to promulgate it, what would the consequences be, bad and good, once this bill is adopted by the National Assembly?

It is true that countries the world over have a law on the duty to defend the motherland. However, under the current circumstances in the Kingdom of Cambodia, why do the royal government and the National Assembly spend time making a utopian law that cannot yet be implemented, while many other useful bills have not yet been adopted? This law ought to be adopted after Britain hands over Hong Kong to the PRC. That would be better.

Indonesia

ABRI Commander on Agenda for Border Meeting

BK2911141294 Jakarta ANTARA in Indonesian 1205 GMT 29 Nov 94

[FBIS Translated Excerpt] Jakarta, 29 Nov (ANT-ARA)—The joint military exercise between the Armed Forces of the Republic of Indonesia (ABRI) and the Royal Malaysian Armed Forces under the codename "Malindo Darsasa RAB/96" will be held in Indonesia in two years.

"This is going to be the fourth joint exercise to be held in Indonesia," Indonesian Armed Forces Commander General Feisal Tanjung told a news conference at the end of the 23d Malaysia-Indonesia General Border Committee (GBC) meeting in Jakarta today. [passage omitted]

According to Gen. Feisal, at this stage the joint exercise is a small-scale operation. "When this type of exercise is considered good, it could be followed by larger-scale exercises," he added.

Touching on the GBC meeting, Gen. Feisal said that the committee had succeeded in enhancing mutual understanding and cooperation between the armed forces of Malaysia and Indonesia. He said that the progress achieved so far from the GBC had been beneficial. This includes progress made in the fields of intelligence, socioeconomic activities, military exercises, and search and rescue operations.

The GBC meeting discussed several issues regarding the common border between the two countries. The Indonesian delegation at the meeting was led by Armed Forces Commander Fiesal Tanjung, while the Malaysian delegation was led by its Defense Minister Datuk Najib.

Responding to a reporter's question, Gen. Fiesal said that the issue on the overlapping claims to the Sipadan and Ligitan Islands by the two countries was not discussed at the meeting. The islands are situated near the Indonesian Province of East Kalimantan.

"There is a special forum to handle the conflicting opinions on the Sipadan and Ligitan Islands. This issued was not discussed at today's meeting," Gen. Feisal added.

Japan Grants 137-Billion-Yen Soft Loan

BK2911160394 Jakarta ANTARA in Indonesian 1326 GMT 29 Nov 94

[FBIS Translated Text] On behalf of the Japanese Government, ambassador Taizo Watanabe signed a diplomatic note on the approximately 3 trillion rupiah (137 billion yen) soft loan to Indonesia in Jakarta today.

Foreign Minister Ali Alatas was the Indonesian Government's representative at the ceremony. Watanabe said the signing of the accord was based on the aid package commitment pledged by the Japanese delegation at the meeting of the Consultative Group on Indonesia (CGI) in Paris, 7-8 July 1994.

The 3 trillion rupiah loan is the principal amount of the total fund pledged by Japan at the CGI meeting. Japan had pledged about U.S. \$1.6 billion (about 3.34 trillion rupiah) loan fund to Indonesia. There will be an increase of U.S.\$239 million (about 460 billion rupiah) in the total amount to meet the request made by Indonesia, Watanabe added. The total soft loan is payable within a period of 30 years, including a 10-year definite time limit, and at the interest rate of 2.6 percent per year. The loan is for financing among other projects, the construction of infrastructure facilities in the villages (21 billion yen or 462 billion rupiah), and the second stage of an irrigation network in a village (16.2 billion yen or 356.6 billion rupiah).

The loan will also be used for the Pluit-Grogol highway (10.9 billion yen or 239.8 billion rupiah), the construction of double tracks Cikampek-Cirebon railway lines (7.2 billion yen or 159.2 billion rupiah), the expansion of telecommunications network in Jakarta and the surrounding area (13.7 billion yen or 305.6 billion rupiah). The total loan will be utilized for financing 20 major projects.

Civil Servants at Dili Riots To Face Punishment

BK3011033194 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 30 Nov 94

[FBIS Translated Text] The East Timor regional government will punish civil servants who are found to have taken part or supported the recent riots in Dili. Speaking to reporters in Dili yesterday, East Timor Governor Abilio Soares said there is nothing unusual in the imposition of the penalty because it is not proper for civil servants to get involved in actions that cause anxiety to society.

The governor said the authorities are now intensively interrogating one civil servant because there are indications that he was actively involved in the riots. In addition to disciplinary action in the form of dismissal from civil service, the said civil servant will also be tried in court.

Thailand

Deputy Prime Minister Explains WTO to Parliament

BK3011095194 Bangkok KRUNGTHEP THURAKIT in Thai 26 Nov 94 pp 1, 6

[FBIS Translated Text] Parliament has passed a bill to ratify formation of the World Trade Organization [WTO] in three straight readings. This will help Thailand gain the confidence of other countries with respect to foreign trade and give the country privileges as a founding member. Thai agricultural products will have to undergo structural changes to meet the competition from abroad.

On 25 November, Parliament held a meeting on the ratification of the Marrakech Agreement, which was concluded by the GATT last year. In Marrakech, Morocco, GATT members endorsed the agreement, which also included formation of the WTO. Deputy Prime Minister Suphachai Phanitchaphak explained the issue to Parliament.

Suphachai said it was the first time that developing countries had participated in any consideration of the agreement. In the past only developed countries were involved in the discussion process and imposed the agreement on the developing countries.

He said Thailand had played a role in the agriculture section of the agreement to reduce tariffs on agricultural products, cut domestic subsidies, and give greater access to agriculture markets. Greater market access in Japan and South Korea will enable Thai products to compete more favorably in these markets.

Several parliamentary members made the observation that human rights, environment, and labor issues could be used by other countries to justify protectionist measures against Thailand.

Pricha Suwannathat, a Democrat MP from Bangkok, said ASEAN countries could find the agreement an obstacle, and he disagreed with incorporating those issues in the agreement.

Phanit Charoenphao, a senator, said that while child labor has received greater attention from the government and the private sector, and Thailand's image in this area has improved in the eyes of foreign countries, Thailand will have to be ready to answer questions in this area.

Suphachai pointed out that Asian countries have a problem in these areas. However, the agreement specified that they will not result in punitive action against the members. The WTO members will jointly consider measures for these areas.

On the concerns that market access and agricultural subsidy reduction could cause a problem for Thailand because some of its agricultural products are not ready to

compete with imports, Suphachai said a cut in agricultural subsidies is aimed at preventing any distortion of the market mechanism by all countries. Thailand does not subsidize most of its agricultural products. The agreement does not ban subsidies for research and for lowering production costs. Thailand will be able to continue such subsidies.

The agricultural markets which Thailand will have to open up are sugar and tapioca. Foreign products will not be able to compete with these domestic products and should pose no problem.

The current agreement does not cover markets in the service sector. Once the WTO is formed in early 1995 a new agreement could be negotiated five years from now. Thailand has been improving its services sector, particularly the financial sector, to enable the private sector to compete in the future.

Suphachai pointed out that Thailand has been making preparations to reform the customs law to comply with the GATT. It plans to assign a grade-10 official as an ambassador to the WTO and field a candidate for chairman of the WTO agriculture commission, which will give Thailand the position of the region's agriculture leader.

Parliament eventually approved the agreement in three consecutive readings.

Suphachai said the approval of the GATT and the WTO to enable ratification of the WTO by 1 January 1995 is necessary so that the country can become a GATT member and be in a position to negotiate on the services issue in the next round of negotiations. [sentence as published]

He said: "If Thailand becomes a WTO member later than other countries, it will cause other countries to lose confidence in Thailand's trade policy and will deprive the country of opportunities to bargain on the impact of agricultural products."

Suphachai said the agreement could force Thailand to open up its rice, soybean, corn, oil palm, and sugar markets by another 3-5 percent. However, the government has prepared a restructuring of the production of these products to be ready for foreign competition. This will involve a shift from exports to promoting the livestock industry.

Because the prices of animal feed ingredients such as soybean will fall, the government will have to use the Agriculture Fund to stabilize prices. Previous forms of subsidy are no longer possible. Subsidies will have to be used to research animal and plant improvements.

Suphachai said there is the concern that the EU will try to use labor, environmental, and human rights issues as new trade protectionist measures. However, the United States has said it merely wanted the basic rights of workers to be recognized and would not use those issues as trade bargaining points. Further discussions are likely on this matter.

Tirana Phongmakaphat, adviser to the deputy prime minister, said that joining the WTO before 1 January 1995 will give Thailand privileges as a founding member for two years. As a founding member, Thailand could evoke the WTO mechanism to settle trade disputes instead of using bilateral negotiations.

The United States resigned from the GATT in 1947 but has rejoined the WTO; however, this will have no impact on Thailand as a Most Favored Nation in connection with the WTO. Thailand already enjoys this privilege. Concerning trade, all countries will want to create confidence by ratifying the WTO as soon as possible.

Defense Minister on Australian Aid to Cambodia BK3011074694 Bangkok BANGKOK POST in English 30 Nov 94 p 6

[FBIS Transcribed Excerpt] Australia said yesterday it would provide an extra five million dollars (US\$3.5 million) in military aid to Phnom Penh as part of a multi-national effort to retrain Cambodian troops for war and peace. The latest aid, approved by the Cabinet late Monday, is in addition to three million dollars already committed this year, Australian Foreign Minister Gareth Evans said.

In Bangkok, Defence Minister Wichit Sukmak said Thailand recognised the Cambodian Government and it was free to accept foreign assistance.

"We recognise the government in Phnom Penh and it's free to accept assistance from the international community be it economic or military," Mr Wichit told reporters at Parliament yesterday. He said he had been briefed by a visiting delegation of Australian parliamentarians that assistance was non-lethal and aimed to turn the Cambodian army into a disciplined force. [passage omitted]

Further on Massacre of Thai Workers in Cambodia

Logging Firm To Face Charges

BK3011081894 Bangkok THE NATION in English 30 Nov 94 p A4

[FBIS Transcribed Text] Legal action will be taken against the company which employed some of the Thai loggers who were recently massacred in Cambodia, Labour Minister Phaithun Kaeothong said yesterday. He said BLP Import Export Company will be charged with violating laws requiring official permission to hire Thais for work in a foreign country. If convicted the company and management face fines and/or jail sentences.

Interior Minister and New Aspiration Party leader Chawalit Yongchaiyut yesterday denied rumours that his family had business connections with the BLP.

A reported 20 Thai loggers were killed inside Cambodia by unidentified Khmer forces on Nov 20. The Khmer Rouge has been widely blamed.

Phaithun said an official investigation had revealed BLP did not apply for a permit to employ people for work outside Thailand. Earlier, the minister had stated that the Labour Ministry could not take action against BLP because it had not registered with the ministry.

Sinchai Liantrakun, director general of the Job Placement Department, said yesterday BLP had never asked for permission to send staff to work in Cambodia, which means that under the Job Placement and Protection Act of 1985, the firm was liable to penalties of three to 10 years' imprisonment and/or a fine of Bt [baht] 60,000-Bt200,000.

Thirty-three Thai loggers were abducted earlier this month from their work camp in Cambodia near the An Ma border pass in Ubon Ratchathani province by a group of armed Cambodians. A reported 20 were later shot dead. Others managed to flee and some are still unaccounted for. Early reports blamed the killings on the outlawed Khmer Rouge but Thai authorities have not confirmed that.

Army Commander in Chief Gen Wimon Wongwanit said yesterday a political party very close to BLP knew the true story of the killings, but he stopped short of naming the party. He said only that any politician would be able to identify it.

Wimon said the Army knew full details of the massacre, but he would only release what was proper to be stated publicly. He added that BLP, which received a timber concession from the Cambodian government, must know who the real culprits are and should reveal the truth. The Army could not identify which Cambodian group was responsible for the killings because the massacre occurred in a contested area, he said.

Cambodian government forces had been very helpful in retrieving the bodies of 17 Thais while under constant gunfire from opposing Cambodian forces, he added.

Defence Minister Gen Wichit Sukmak said yesterday it was not yet possible to identify which Cambodian faction was responsible for the deaths, and repeated Cambodian King Sihanouk's warning to avoid economic and other activities in Cambodia as the country is still unsafe.

Wichit said Thai companies are taking risks doing business in Cambodia and urged businessmen operating along the Thai-Cambodian border to provide information for the Army, so it can take action to prevent violation of Thai territory. He said the government has repeatedly warned Thais commuting between the two countries of the danger, and closed down several border checkpoints for safety.

Meanwhile, a Government House source said the Interior Ministry would today call for a meeting of commanders of all military units responsible for security in the areas near the An Ma border pass.

Some Recovered Bodies Not Thai

BK3011073594 Bangkok THE NATION in English 30 Nov 94 p A1

[FBIS Transcribed Text] The 15 bodies discovered inside Cambodia opposite Thailand's Chanthaburi province were Khmer and Vietnamese, not Thai.

A Thai military intelligence report obtained by THE NATION yesterday said the bodies of 13 men and two women were found near Phnom Vear Prey in Cambodia, about two kilometres from Ban Suan Som, Soi Dao district of Chanthaburi on Nov 20. All of them were dressed like Thais, the report said. Two of the men were found to be Vietnamese and the rest were Khmer, said the report.

Commander NR [expansion unknown] Sakda Anmani, spokesman of the Chanthaburi-Trat Task Force, said investigations had discovered that the group was killed on Nov 2. He said his force had already reported their findings to higher authorities in Bangkok.

The military intelligence report fell short of stating who was responsible for the murders, what their motive was, or what time the killing occurred, but a well-informed border source said the Khmer Rouge was responsible.

The source said the Khmer Rouge had at different times killed 30 Khmer and Vietnamese whom they suspected of being government infiltrators disguised as workers for Thai logging companies.

The "spies" were believed to have been sent to gather information for Phnom Penh, which had planned to launch an offensive against the Khmer Rouge Pailin headquarters, according to the source.

The source claimed the Khmer Rouge had earlier executed 15 of the suspects and those whose bodies were found were killed on Nov 2 near Ban Bo Keo.

Editorials View Slayings

BK2911124194

[FBIS Editorial Report] Two Thai-language Bangkok dailies—MATICHON and NAEO NA—carry editorials on 29 November commenting on the massacre of Thai workers in Cambodia.

MATICHON carries a 400-word editorial on page 2 entitled: "The Dangerous Country." It says: "Several Thai nationals, employees of a Thai logging concessionaire company, were brutally killed while working legally

in Cambodia. It does not matter who killed them. Khmer Rouge radio hurriedly reported that the Khmer Rouge were not responsible for the carnage and accused the Cambodian Government and its supporters of committing the bloodshed. Thais who are engaging in border trade with Cambodia should be aware that Cambodia is dangerous territory and they must be very careful in dealing with that country.

"Although a logging concession has been granted to the Thai company by the Cambodian Government, parts of the concession area are under Khmer Rouge influence. Therefore, it is necessary for the concessionaire to pay tax to at least two parties; namely, the Cambodian Government and the Khmer Rouge. Otherwise, the company will not be able to take timber out of the country. The situation is similar to what happened in Burma a few years ago when Thai logging companies had to pay tax to the Burmese Government as well as a protection fee to influential ethnic groups.

"Money alone, however, cannot make things run smoothly in Cambodia. The fighting and politics in that country are quite complicated. The Khmer Rouge may not have been satisfied with the amount of money they were receiving, so they simply killed the Thais to press for more. Another hypothesis is that the massacre might be the work of other Cambodian factions trying to paint an ugly picture of the Khmer Rouge."

In conclusion, the editorial says: "Suffice it to say that Cambodia is a dangerous country and is not conducive to border trade activities. No place is safe in Cambodia, even the capital. Companies operating any concessions in Cambodia must consider whether it is worthwhile to do business there. Thai workers should think about their own safety in travelling across the border. It is better to wait until the political problems and fighting in Cambodia come to an end."

NAEO NA carries a 350-word editorial on page 2 entitled: "The Forgotten Lesson." It says that nobody knows the truth behind the recent massacre of 17 Thai workers from Thailand's BLP Company inside Cambodia. The Khmer Rouge said that the Cambodian and Australian Governments masterminded the killings. "The company that hired the Thai nationals to cut wood in Cambodia knows everything about the incident but refuses to say anything. It is probably trying to decide whether to continue its operation in Cambodia or withdraw from that country. More people will be killed if the company is unable to reach an agreement with the responsible Cambodian faction.

"One bad thing about Thais is that they are willing to take risks and do anything if the stakes are high. It is useless for the Thai Government to ask Cambodia to show any responsibility because it involves a willingness to take risks on the part of Thai investors. Even King Sihanouk has said that the safety of foreigners in Cambodia cannot be guaranteed. Thai investors, however, have not heeded the royal warning.

"We believe that Thai nationals should no longer be sent to work in Cambodia because the country is unsafe. Mass murder can occur at any moment if something goes wrong. If Thai business people find the opportunities in Cambodia irresistible, they should hire Cambodians to work for them or look after their businesses. They can just wait at the border to pocket the profits."

* Support to Cambodian Judicial System Noted 95SE0020B Bangkok SIAM RAT in Thai 29 Sep 94 pp 1, 18

[FBIS Translated Excerpt] [Passage omitted] At the Supreme Court on 28 September, Mr. Roland Eng, the Cambodian ambassador and the former secretary to King Norodom Sihanouk, and his delegation met with Mr. Praman Chansu, the chief justice of the Supreme Court, in order to pay their respects. Concerning this visit by the Cambodian ambassador, Mr. Praman said that Cambodia is interested in Thailand's judicial system. He has been invited to visit Cambodia. He said that he will see if there is anything that can be done to help them.

Mr. Praman said that he explained that in our system, the most important thing is the independence of the judiciary. Countries such as Cambodia that want private foreign investment must have a legal system in which judges are independent. That will put the minds of investors at ease. Once there is an independent judiciary, investment will flow into the country. Mr. Eng said that Cambodia's system is still in a state of confusion. Vietnamese officials visited him and said that they were were impressed by Thailand's court system. Thus, he has asked Thailand for support. He has requested that young judges be sent to conduct two seminars a year at the Institute for the Development of Judicial Officials, Ministry of Justice. Twenty people will attend each seminar to study how to handle civil, criminal, labor, and tax cases. They will study everything about administrative courts from the law and handling the proceedings to drafting decisions.

The chief justice of the Supreme Court said that it's good that they want to study our legal system. We must support this, because this is a matter of good relations. They feel that our court system is the best, particularly our system of judicial committees. Our system ensures the independence of the courts. For this reason, he does not feel that our system of judicial committees should be changed. Officials from neighboring countries are not the only ones who like our system. European officials who have come and observed like our system as well.

"We have provided financial support, using funds from the Asia Foundation and the Praman Chansu Foundation and personal funds. We do not have any money to provide direct support for this. Expenses run about 700,000 baht each time. Another class will be trained in December. We would like the government to provide support, because we feel that this promotes good relations, and they really do want to learn," said Mr. Praman. He added that from his conversations with Mr. Eng, he feels that he is a very intelligent man. Mr. Eng said that Thailand is like an elder brother. They like us. This will promote good relations. [passage omitted]

* Wimon on Army's Political Rights, Press

95SE0020A Bangkok DAO SIAM in Thai 15 Oct 94 pp

[FBIS Translated Excerpt] [Passage omitted] General Wimon Wongwanit, the army commander-in-chief [RTA CINC], explained his position on not interfering in politics. He said that he has the right to love the country just like every other Thai. He will not interfere in something if he feels that he should not interfere. But it is impossible to stay out of everything. He has not, however, ever considered using force or his position as army commander to intervene in political matters.

The RTA CINC said that exercising the political rights of soldiers is necessary in a democracy. People must respect each other, because all Thais have the same rights. Thais in other professions do not have greater rights than soldiers.

General Wimon said that he will not involve the military in politics, but he will exercise his political rights if that becomes necessary.

In his capacity as a senator, General Wimon talked about the parliamentary meeting held to consider amending the constitution. Yesterday, the rights of the press were discussed. At present, the mass media is not able to control itself. Actually, it should be able to control itself without having to be controlled by others. The press should know what to print and what not to print and what is right and what is wrong. It should not attack people just because it does not like them. Those who are attacked do not have a chance to fight back, which is unfair. In a democracy, the rights of others have to be respected.

The RTA CINC praised the role played by the press in the past period, saying that in general, it has done a very good job. In the past, there were only a few newspapers that he trusted to print the truth. But now, things have changed greatly.

The RTA CINC said that he has never thought that the rights of the press should be curtailed. The only thing is that the press should print the truth. If they print something that is wrong, they can issue a correction.

* Cabinet To Establish Export Standards Testing 95SE0020C Bangkok MATICHON in Thai 27 Sep 94 p 25

[FBIS Translated Excerpt] [Passage omitted] Mrs. Anamai Singhaphan, the deputy director-general of the Department of Science Service, said that international

competition is becoming more and more intense, particularly with respect to product quality. This is something with which we have many problems. The equipment used to measure standards must be accurate and meet international standards. Thailand must make adjustments in order to keep up with the changes, particularly in the trade, production, and export systems. In the past period, many different units have been responsible for testing the quality of the goods. This includes the Department of Science Service, the Ministry of Commerce, and the Thai Industrial Standards Institute. But because different methods are used to test goods and, in particular, because different standards are used, Thai goods often lack quality. The equipment used to test the goods is not accurate. Internationally, Thai goods are frequently viewed as being substandard in quality. Moreover, Thailand does not have a standards unit that is accepted by foreigners. Quality testing must be on a par with that in Singapore and Australia in order to guarantee the quality of the goods. Large sums of money are lost to other countries every year.

Mrs. Anamai said that the Ministry of Science proposed a National Standards Development Act, and this has been approved by the cabinet. A National Standards Institute will be established in order to deal with the standards issue for Thailand and ensure that things are done correctly and accurately. The equipment used, such as scales and volumetric devices, must meet the standards. Steps must be taken to ensure that foreigners can trust the quality of our goods and that the accuracy of our measurements can be cited at the international level. This will help ensure that Thai goods are accepted in other countries. Production costs must be reduced so that consumers can purchase quality goods. This will be possible if Thailand has a Standards Institute. And Thailand will become an economic center in this region. Neighboring countries will be able to measure the quality of their goods here, which will earn money for Thailand.

Vietnam

PRC Trade Union Delegation Visits, Holds Talks
BK2911154194 Hanoi VNA in English 1436 GMT
29 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 29—A delegation of the China Trade Union Confederation (CTUC) led by Mr. Li Qisheng, alternate member of the Communist Party of China Central Committee, and vice president of the CTUC, paid a visit to Vietnam from Nov. 21-28 as guest of the Vietnam General Confederation of Labour (VGCL).

While here, the Chinese delegation had talks with a VGCL delegation led by Mrs. Cu Thi Hau, member of the Communist Party of Vietnam [CPV] Central Committee and vice president of the VGCL. The two sides compared notes on the socio-economic development of each country. The Chinese side expressed its pleasure at

the achievements recorded by the Vietnamese people in the current renovation process as well as trade union activities in service of national construction. The two sides discussed measures to further develop their friendly relations in the coming time.

The Chinese guests called on the trade union organizations in Hanoi, Ho Chi Minh City, Thua Thien-Hue and Ha Bac Provinces. They were received by Mr. Vu Oanh, Politburo member of the CPV Central Committee.

Japanese Finance Ministry Delegation Pays Visit BK2911153794 Hanoi VNA in English 1450 GMT 29 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 29—A delegation of the Japanese Financial Ministry led by Deputy Minister Kosuke Nakahira is here on official visit to Vietnam.

This morning, Vice Minister Nakahira had a working session with Deputy Finance Minister Pham Van Trong. The two sides informed each other of economic-financial situation in (?each country.) The two sides noted that the financial relations between the two countries have been developed since 1990. The Japanese Government's ODA [Overseas Development Assistance] to Vietnam has been resumed since 1992. Annually the Vietnamese Government fulfils its debt payment to Japan.

Early this year, an agreement on ODA loan for 1993 worth of 52.3 billion yen was signed to provide fundings for eight important projects and programmes afoot in Vietnam. Besides, the Overseas Economic Cooperation Fund (OECF) provided a special support project to Vietnam to help it carry out OECF credit projects.

The Japanese delegation was received on separate occasions by Vice Prime Minister Phan Van Khai and Finance Minister Ho Te.

Speaking to the guests, Mr. Khai expressed gratitude to the Japanese Government and people for their assistance to Vietnam to overcome war aftermaths, build the country and integrate in international economic development. He said he wishes that the Japanese Government would continue to assist Vietnam in personnel training, experience in management and use of financial assistance resources, to increase ODA with preferential terms, and help Vietnam clear debts and settle financial relations with other countries and international organisations.

For his part, Deputy Minister Nakahira reaffirmed the goodwill and desire of the government and the financial sector of Japan to continue to enhance bilateral assistance and help Vietnam promote its financial, economic relations with other countries and international organisations.

EC Program To Reintegrate Returnees Ends

BK3011074994 Hanoi VNA in English 0654 GMT 30 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov.30—The European Community International Programme (ECIP)

for the reintegration of Vietnamese returnees ended today after 30 months of operation.

The programme was aimed at providing Vietnam with financial and technical assistance for the reintegration of departure of boat people and enhancing the implementation of the Comprehensive Programme of Action (CPA) formulated by the Geneva conference on the Indochinese refugees.

The long-term USD 120 million ECIP was launched in the 21 provinces where almost all vietnamese returnees live with a view to creating jobs and normal lives for them. In particular, the programme provided USD 44 million in credit loans to help the returnees and others develop small business and household economy.

The ECIP also provided financial assistance to 113 training and agriculture promotion centres in the 21 provinces to repair and upgrade training establishments and provide training courses with equipment and teaching aids. As a result, the programme trained more than 178,500 local inhabitants, including 36,600 returnees in 55 trades.

In the period under review, 213 small projects of the programme received an investment of USD 8 million. Most of the projects concentrated on developing public infrastructure such as reclaiming land, constructing irrigation systems, schools, kindergarten, electricity grids and water supply systems, strengthening sea and river dyke systems, dredging drainage systems, making roads for new economic zones or high density population areas having special socio-economic difficulty.

Moreover, the programme allocated USD 2.7 million to upgrade medical stations and hospitals, provide medical equipment for 192 clinics, set up 78 revolving medical funds at commune and district levels, and to carry out anti-malaria programmes in 15 communes in the Mekong River Delta. It also signed 21 contracts valued at USD 177,200 with insurance companies in 21 provinces to provide free of charge medical services to 4,000 unaccompanied minors (Unam) on a regular basis as well as in emergency cases.

In just 30 months, ECIP has made a considerable contribution to normalizing and reintegrating Vietnamese returness, as well as to assist part of the Vietnamese population. As a result, a financing memorandum on revolving credit fund, which is based on the recovering old ECIP loans, has just been signed between the programme and the Vietnamese Government to facilitate businesses of small and medium-size enterprises and returning Vietnamese boat people.

EU To Continue Assistance

BK3011131094 Hanoi Voice of Vietnam in English 1000 GMT 30 Nov 94

[FBIS Transcribed Text] The European Union [EU] has agreed to continue its assistance to returning Vietnamese

boat people for another seven months while a long-term agreement is worked out. A 1.25 million [currency not given] bridging agreement lasting until 30 June next year was signed by Vietnamese officials and initialed by EU diplomats on Monday. The agreement has to be sent to Brussels for signature by the European commissioner, (Manuel Marin).

* City Voters' Opinions, Suggestions Summarized 952E0021A Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 20 Oct 94 p 3

[FBIS Translated Text] Implementing the operating regulations of the National Assembly delegates and National Assembly delegation, from 22 September to 15 October 1994, National Assembly delegations organized 19 meetings with city voters at various election units.

The main purpose of these meetings was to listen to the views of voters on various economic and social problems, the budget, and the results of implementing the resolution on practicing frugality, opposing waste, and fighting corruption and smuggling.

The following are some of the opinions expressed by Ho Chi Minh City voters.

Part 1

1994 Tasks

1. The 1994 Economic and Social Situation:

A. Overall evaluation:

The majority of the city's voters affirmed that in 1994 the country's economy is growing well. Almost all of the main targets and norms can be fulfilled or exceeded. The tasks proposed in the National Assembly resolution at the beginning of the year have fundamentally brought the country out of its crisis. The economic structure has been changed in the right way, the foreign economy is expanding, import and export markets are being solidified and expanded, and the amount of foreign investment capital coming into Vietnam is increasing rapidly. There have been positive changes on the social front, too. Political security and social order have been maintained, the lives of the people have been stabilized and are beginning to improve, and economic laws and policy measures have been promulgated in a timely manner, and, even though they are not yet synchronized, they have helped to restore economic order.

Many voters happily noted that 1994 has been marked by a number of major events concerning management. For example, the 500-kv North-South electric powerline was completed and preparations are being made to do away with the management echelon. Administrative procedures have been improved. Cadres below age 45 will be required to become proficient in a foreign language. These are major decisions made by the party and state, and they signal new advances and require new management standards.

Voters also saw that we still have very serious difficulties and weaknesses. For example, labor productivity and results are still low, there is still much waste, some state enterprises are still operating at a loss, the infrastructure is very weak and backward, our legal system has not been perfected and the laws are not applied seriously, our financial and monetary system still has many loopholes and is ineffective, capital markets are still undeveloped, the state apparatus is still cumbersome and ineffective, there are too many administrative procedures, and there are still many weaknesses concerning culture, education, and social issues and the desired results have not yet been achieved.

A number of voters are unsure about Vietnam's economic development in the coming period and reminded the National Assembly and government about two of the four dangers mentioned at the party's interim plenum, that is, the danger of falling behind and the danger of veering away from socialism. Voters said that the National Assembly should have a far-sighted and broad view, set guidelines for several decades, make preparations regarding how Vietnam will enter the 21st Century, point out the causes that could result in our falling behind or veering off the path, and implement effective measures to restore and adhere to the renovation line and not "doze" or waver with respect to the line that has been chosen.

B. Specific Ideas and Proposals

1. On the economy:

A number of voters said that the Mekong delta and Ho Chi Minh City hold an important position for the entire country. They make important contributions to the budget and produce much grain and other foodstuffs for consumption and export. But the results achieved do not match the existing potential. In this zone, investment in science and technology has not been for production, and the people's standard of culture here is lower than in a number of other regions in the country. The voters suggested that the state give attention to applying the progressive scientific and technical achievements and using high-producing varieties, crops, and animals in agricultural production, forestry, and the production of marine products. Attention should be given to studying the crossbreeding of various varieties of fruit trees in Nam Bo Province, because that is a major source of export commodities. At the same time, attention should be given to improving the people's standard of culture, particularly in the rural areas, and to promptly satisfying the budget items for implementing universal education and eliminating illiteracy. During the flood season in the Mekong delta provinces, many voters in Precinct 6 and Go Vap Ward were very moved and saddened because they felt helpless in the face of the destruction caused by the floods. Every 3-4 years, floods kill many people, bankrupt thousands of families after several years of hard work, and cause damage totaling hundreds of billions of dong for each province. The voters hope that

during the session to pass the 1995 budget, the National Assembly and government will address the issue of preventing flooding in the Mekong delta and make this a national policy.

Thu Duc, Hoc Mon, Cu Chi, and Binh Chang districts have delineated areas formerly used to transplant rice, to little effect, and plan to use these areas to plant gardens. Tang Nhon Phu Village in Thu Duc District has delineated 270 hectares. Voters in all the districts proposed:

The people should be helped by introducing effective technology, crops, and breeding animals.

If farmers lack capital, the banks should increase making medium- and long-term loans. The best thing would be to have a national fund to make loans at a lower rate of interest.

In switching to a garden economy, during the first years people usually can't make a profit. Taxes should be deferred until people earn a profit.

Voters have many concerns about foreign economic activities.

On exports: Although the volume of exports is greater than in previous years, the percentage of the commodities produced by the localities is usually lower than the assigned percentage of export goods. This means that if people engage only in export services, actual results will be low and unstable.

On imports and joint ventures with other countries: This is another issue that needs to be given attention. A number of so-called spearhead sectors such as electronics usually import components and do assembly work on contract. They don't import machinery to produce components. The same is true in the automobile industry and a number of other sectors. If this situation is allowed to drag on, many of our industrial sectors will remain passive and dependent on other countries.

Voters are also concerned about the effects of foreign investment capital. They suggested that the government review things, learn the important lessons, ensure that effective use is made of the loans, and take steps to prevent waste and the effect of accumulating debt—"a poverty-stricken country and people."

2. On culture, education, and social evils:

Voters expressed many opinions on controlling and educating children and youths. The fact that there are delinquent children and youths stems from the fact that our educational measures are not synchronized and from the fact that there is a lack of close coordination between the families, schools, and society. In this, the family bears an important responsibility. Voters proposed that there be a human strategy and laws on educating children and youths. They recommended amending the Criminal Code by adding tight controls for parents with delinquent children so that their children can be released on bail.

Voters are confused about why, as of the end of September, the 1994 budget funds set aside for implementing universal education and eliminating illiteracy have not been allotted.

Voters suggested that the Ministry of Education and Training and the Municipal Education and Training Service control things closely and strictly discipline those schools that organized collections, contrary to the stipulations, in the form of "gold books" to build the schools, because this is one of the reasons why poor students have had to drop out of school.

Voters in Precinct 6 suggested that it be clearly stipulated that instructors are not to give additional instruction to the students in their class. The purpose of this is to avoid forcing students to study and to ensure that students are evaluated in a more objective manner.

Voters complained about pornographic and violent movies. Even though a great effort has been made to deal with this problem, the situation has not changed very much. Voters suggested that the National Assembly delegations question the minister of culture and information about this problem. Voters asked: Aren't the "anten Parabon" the main culprits in "smuggling pornographic and violent movies into the country?"

Prostitution and drug addiction are also very serious problems that are troubling many voters. Voters suggested that there should be stiff penalties for those who traffic in opium and heroin just as in other countries. A number of criminals must be eliminated from society, because money has ruined the happy lives of many children.

There are harsh penalties for brothel owners and pimps, and there are harsh penalties for cadres and party members who use the services of prostitutes.

Voters suggested that the government implement synchronized measures to improve living conditions, provide jobs, and improve education and medical treatment and to launch an all-peoples movement among the people, from the neighborhood teams to the hamlets, to oppose social evils.

3. On social policies:

Many voters who are active-duty and retired cadres said that controlling wage levels is not in accord with market laws. Now that we have switched to a market mechanism, each enterprise must be concerned about selling its products and set prices so that they can sell their products as quickly as possible. Thus, they are constantly concerned about reducing production costs, which includes wages. The result of controlling this is that many cadres and highly-skilled technical workers have left the state enterprises and abandoned even private industry, even though they are paid high wages, in order to work for foreign corporations, which pay even higher wages.

Retired cadres who are unclear about the explanation given by Minister Tran Dinh Hoan at the previous session of the National Assembly concerning the pensions of retired civil servants and military personnel said that dividing the pensions of civil servants into many steps from 132 percent to 172 percent is both complex and unfair. Those who were earning a high salary before they retired will have that multiplied by a high factor, with the result that their income will be even higher. But for those with lower incomes, things will become even more difficult. Voters suggested selecting just one factor (for example, 160 percent or 170 percent) for retired civil servants as is done in determining the pensions of retired military personnel. When determining pensions, attention must also be given to military cadres who have switched sectors so that these people don't lose out.

Voters were very disturbed about the actions of foreign businessmen that hurt the dignity and honor of Vietnamese workers. They proposed that the state take a resolute position and prosecute those people in accord with the law.

Voters in almost every ward and district suggested implementing policies for cadres in categories "B troc" and "B tru."

Representatives of voters of the Teachers Club suggested that the state recalculate the work period of teachers. Many of these people participated in revolutionary activities. They have devoted their life to education and lived under two different political systems. Calculating the work period from April 1975 will be a serious loss for teachers, particularly older teachers.

Voters, particularly retired cadres, had many strong opinions on the policy of expropriating and selling houses:

The amount of compensation paid for the houses in expropriated zones is usually very small, and there is a lack of uniformity. The compensation received is usually insufficient to build a new house.

The prices of the houses sold at the commercial prices stipulated in Decree No 61/CP are too high. With the present wage and income system, few civil servants can afford to buy a house. Pensions are low and so if retired cadres must pay half the commercial price for a house (as a number of newspapers have reported), they will not be able to buy a house. What is even worse is that this will be very unfair in comparison with those who were previously able to get full price for their homes.

The common hope of retired cadres is to own their own home and, when they die, to have the home transferred to their children as an inheritance. The state should give attention to that hope.

Voters who are retired cadres suggested that the state implement policies in accord with improving the material and spiritual lives of these targets. This will help educate the younger generation about the glorious revolutionary traditions of their fathers.

Voters representing the missile units in the city said that the standard of living of the missile forces is very low and that they are not getting enough to eat. The voters suggested that the state give attention to the military rear and implement policies on rationalizing families, housing, house registration, jobs, and the education of children.

Many voters were interested in the policies on subward and village cadres. Allowances are low, but these cadres must work all day and sometimes at night. They must stay close to the locality, and while working at the office they must dress in accord with the stipulations. The National Assembly should review the allowance measures.

Part 2

On Implementing the Resolution on Practicing Frugality, Opposing Waste, and Fighting Corruption and Smuggling

Voters said that excessive consumption and waste are more serious than before. Many organizations and enterprises purchase new vehicles even though the vehicles that they have are still good. This occurs quite often. There are always many new cars with private license plates and even agency vehicles parked outside bars. Many state cadres smoke brands of cigarettes whose import is prohibited; this has become quite common. Voters said that when the National Assembly statement is reviewed, those sections on the purchase of new vehicles for show and enjoyment must definitely be rejected.

Smuggling, particularly foreign cigarettes, is still a serious problem. Besides the smuggling taking place along the southwestern border, this year it has been discovered that smugglers are using routes in the Central Highlands. What is even more dangerous is that the smugglers have formed an organized force, and they fiercely resist arrest by control forces. Voters said that we have not gone after the ringleaders but have focused only on poor people who engage in smuggling to support themselves.

Since the beginning of the year, illegal businesses that are operated by a number of foreigners and that are under the protection of domestic enterprises have appeared in the city. They have taken steps to evade paying taxes and avoid the control of the state management organizations. The domestic enterprises serve as a screen for the foreigners in order to receive a bonus or salary from the foreign corporations. Voters suggested that the state soon restore order in these commercial activities.

What troubles voters the most is that in the struggle against corruption, even though much effort has been expended and even though a number of results have been achieved, overall very little has been achieved. Very few

cases are actually discovered. In a number of places in each period, the struggle against corruption has been ineffective, because many problems have not been fully solved, with the result that people have become suspicious. A number of voters suggested that higher echelons reexamine the following cases: the 51.8 tons of monosodium glutamate, the case at the Saigon beer distillery, and the Seaprodex ship incident. Voters also suggested that action soon be taken to deal with a number of cases involving the city (the incidents at the Municipal Grain Corporation, at Liksin, the Legamex case, and the Hung Vuong Refrigeration case).

Voters in Go Vap Ward said that the causes of the corruption must be found so that effective struggle measures can be implemented. According to the voters, because the targets are civil servants, the state must resolutely solve two problems, the cadre and organizational problem and the policy mechanism problem.

Voters in Precinct I recommended launching all the people in opposing corruption and suggested that the National Assembly establish a subcommittee to monitor the fight against corruption.

Many voters said that the government should review the implementation of the resolution on practicing frugality, opposing waste, and fighting corruption and smuggling.

Part 3

On the Activities of the National Assembly and National Assembly Delegations

Voters said that National Assembly activities have undergone much renovation during the past year. Leaders and National Assembly delegates have frequently visited the bases, studied the situation, grasped the views and wishes of the people, and dealt with many of the proposals of voters. During the fifth session, the National Assembly passed many very important laws, particularly the Labor Code. Once these laws go into effect, order, discipline, and state rule will be established.

The following are the opinions and proposals of voters on the activities of the National Assembly.

Formulating laws should be based on the requirements of state management and social control. Regardless of the difficulties, those laws that are really essential and urgent should be drafted. Formulating laws must be based on the ability to pass them. Once they have been included in the program, it must be possible to implement them.

Voters suggested that the National Assembly give priority to formulating a Civil Code, an Economic Law, an Administrative Law, and laws on using underground water (because this affects the environment).

It was proposed that the Standing Committee of the National Assembly supervise the government in promptly promulgating various documents to guide the implementation of the laws. Tardiness in promulgating such documents after laws such as the Tax Law, the Law on Changing Land Use Rights, and the Arable Land Law have been promulgated causes much confusion for lower echelons.

At almost every meeting, voters observed that the strength of the National Assembly has been its ability to formulate many important laws. But it also has a major weakness, or more accurately, there is confusion in organizing, controlling, and overseeing the implementation of the laws. Voters said that the National Assembly and each National Assembly delegate should strengthen this aspect so that the laws will apply to the daily lives of the cadres, party members, and people. In order to

control and supervise things, there must be a suitable mechanism that clearly defines the responsibilities and powers of each administrative echelon, sector, and head and the relationship between higher and lower echelons. It must define how the sectors and echelons are to be coordinated with each other, with specific measures attached.

The reason for the flood of complaints by citizens is that we lack an effective mechanism.

Voters said that the president of the National Assembly should guide the preparation of reports to answer the questions of the ministers in order to ensure that correct and serious answers are given.

Australia

Australians in Cambodia Said 'at Greater Risk'

BK3011030394 Melbourne Radio Australia in English 0100 GMT 30 Nov 94

[FBIS Transcribed Text] Australia's ambassador to Phnom Penh said his fellow citizens in Cambodia are now at greater risk from Khmer Rouge guerrillas following Canberra's announcement of increased military aid. Tony Kevin said the degree of Khmer Rouge propaganda targeted against Australians has increased over the past three months.

The Australian Government said it will increase military aid to Cambodia, but says it will be used mainly for training. More from Evan Williams:

[Begin Williams recording] Tourists and backpackers are urged to stay in the capital or only to fly in organized groups to the Angkor temples. Australians and foreigners are warned not to leave the capital unless on essential travel for aid work or business, but to take increased security steps. Khmer Rouge threats to target Australians and other foreigners create a high level of risk in some parts of the country and unpredictable dangers anywhere outside the capital. There will be no change to Australia's aid commitments in isolated parts of the country, but aid workers have been urged to closely monitor local security and move back to Phnom Penh if necessary. [end recording]

White Paper Outlines 15-Year Defense Goals

BK3011063794 Melbourne Radio Australia in English 0500 GMT 30 Nov 94

[FBIS Transcribed Text] Australia is to forge a substantial security partnership with Southeast Asian countries

over the next 15 years. A Defense White Paper tabled in Parliament in Canberra outlining policy goals of the next 15 years says Australia will achieve new levels of strategic dialogue and industry collaboration with Southeast Asia.

It says Australia's most important regional defense relationship is with Indonesia. As well, the policy statement said Australia will maintain its key alliance with United States, but notes that the U.S. will not accept primary responsibility for peace and stability in Asia.

The White Paper says over the next 15 years, Australia will spend about 2 percent of its gross domestic product on defense—a fall from the current 2.1 percent.

Presenting the policy paper to Parliament, the defense minister, Robert Ray, said the government would give defense a five-year budget commitment to allow long-term planning. Decisions announced in the paper include purchase of airborne early warning planes by the year 2000, new helicopters for Australia's new Navy frigates, and creation of a fifth infantry battalion over the next four years.

GDP Increases 6.4 Percent During Sep Quarter

BK3011030994 Melbourne Radio Australia in English 0100 GMT 30 Nov 94

[FBIS Transcribed Text] Australia has recorded the highest rate of economic growth in the Organization for Economic Cooperation and Development. Gross domestic product which measures total income, expenditure, and production grew 6.4 percent in the year to September. The GDP in the three months to September grew by 1.3 percent—down from 1.4 percent in the June quarter. Exports of goods and services grew 1.1 percent in the September quarter, while imports grew by 5.3 percent.

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